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Intercollegiate Debates

(Volume XIII)

THE YEAR BOOK OF COLLEGE DEBATING

OXFORD — HARVARD — STANFORD — DENISON — UNIVERSITY
OF REDLANDS — KENT COLLEGE OF LAW — DEPAUW UNI-
VERSITY — WHITMAN — OREGON STATE — KANSAS STATE
— IOWA STATE — CARLETON — SWARTHMORE — UNIVERSITY
OF GEORGIA

WITH AN

APPENDIX CONTAINING A LIST OF
COLLEGE AND UNIVERSITY DIRECTORS OF DEBATE

EDITED BY

EGBERT RAY NICHOLS

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University of Redlands, California*



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AND
ON

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EDITOR'S FOREWORD

THE debate season of 1931-32 was almost universally an economic year in debating. With the exception of the divorce question almost no subjects were discussed that were not primarily economic. True, some of the subjects held tremendous social significance and did invade the realm of sociology, also the realm of politics and government when remedies for the present economic distress were sought.

There were a few discussions of the Cancellation of War Debts, which during the summer of 1931 looked like the logical debate subject for the coming year after President Hoover proclaimed the moratorium. However, the depression and the consequent remedies and proposals and governmental philosophies that came with it, soon engaged the attention of the collegiate debating world and absorbed it.

The discussion began at first along lines of Capitalism versus Socialism, and there was a trend toward the discussion of the Recognition of Soviet Russia, until the debaters discovered that that discussion was political rather than economic, and did not give sufficient opportunity for the study of the conditions they found surrounding them in their own country. The depression overshadowed and absorbed all attention.

The Mid-West Conference chose to discuss the

Stuart Chase plan of Control for Industry. The Pi Kappa Delta organization, numbering about one hundred thirty colleges, voted to discuss capitalism in some form. Their question was later framed as a discussion of the Control of Industry without limitation to any definite plan, and was used in their National Tournament at Tulsa, Oklahoma. Many other colleges use the Pi Kappa Delta subject annually—in fact so many that this subject annually becomes the most widely used of all college debate subjects.

In the East, however, including Indiana and Ohio and states East, especially New England and the North Atlantic states, Capitalism as a social system was widely debated. Another economic subject of considerable sociological and political import, Unemployment Insurance, was again discussed throughout the country—especially by the High Schools and Junior Colleges. The latter also discussed the Pi Kappa Delta subject quite generally.

Other subjects of interest economically and socially that were occasioned by the depression and the unemployment situation were "Reduction of Wages," "Old Age Pensions," "Price Fixing of Agricultural Products" and the "Stabilized Dollar."

From the preceding remarks it will be seen that the debate season gave the debaters and their coaches a supplementary course in economics—and a most practical course since the center of all thought and discussion was how to relieve and avoid financial depression. Since the future leaders of American political thought and action are now debating in college, the practical

results of this unusually concentrated study on the world's biggest present and future problem may be of untold value—who can say. At least the college teachers who directed the debaters' attention into this channel cherished that hope, in a firm belief that knowledge is power, and that an honest study of both sides or rather all sides of such momentous questions is conducive of judicial fairmindedness and earnest desire to find the right way out.

Outside of the general subject studied in debate during this last season there was little to comment upon, and little that was different or unusual. The traveling teams were fewer; a consequence of the financial conditions. In spite of this important restraining power the debate conventions of the year were remarkably well attended. The Pi Kappa Delta Convention at Tulsa had teams from approximately one hundred ten colleges present out of one hundred forty member colleges and charter applicants—a truly remarkable record—as the actual number of persons present was as large as at Wichita two years previously. The National High School Tournament was held also—for the second time—this year at Sioux City, Iowa. The depression was not allowed to prevent this new enterprise from continuing on its way. The Junior College National Tournament was held at Glendale, California, a rather unusual and daring thing—to go so far west—were it not for the strength of the Junior Colleges in Southern California. Only two or three Mid-West Junior colleges were able to send teams. There is a movement on to take the Junior College

Tournament to the same city and at the same time that the Pi Kappa Delta Tournament meets biennially.

Another feature of the season which should be commented upon is the rise and popularity of the sectional practice tournaments which lead naturally to development toward the National Tournaments. Eight or ten such sectional tournaments were held in various parts of the country, the largest at Southwestern College, Winfield, Kansas; another large one at Durant, Oklahoma, with the Teachers' College there; another at the annual meeting of the Southern Teachers of Speech; two at the University of Redlands in Southern California; and one at Linfield College, Oregon. A complete list would reveal several other regional meets of the tournament type. This form of debating in spite of its concentrated, nerve-racking intensity is proving both popular and practicable. It effects an economic saving over the old method of exchanging debates from one campus to another, and is also a time saver. It seems also to be a much better method of gaining rapid debating facility and improvement in personal ability. The debater gets an immediate opportunity to apply newly gained knowledge both of subject matter and argumentative technique.

Still another interesting development of the 1931-32 debate season is the multiplication of and popularity of Radio Debating. Innumerable debates were broadcast from innumerable stations—including the championship debates at the Pi Kappa Delta National Tournament and the National Forensic League High School Tournament at Sioux City. Many of these de-

bates drew a remarkable number of letters from the listening audiences. Two Radio debates included in this volume deserve especial mention—the first Trans-Atlantic Radio Discussion between Harvard and Oxford universities on Cancellation of the War Debts—and the first Trans-continental Radio debate between Harvard and Stanford universities on Increasing the Federal Power. The novelty of these discussions occasioned widespread comment in the college press and in the newspaper world generally. The debates also brought many letters in comment to the radio stations promoting them. The willingness of the radio public to listen to serious discussions on major problems by college debaters is a hopeful sign, and is also a notable encouragement to the college debater who has had to work very much in the past for the love of debating rather than for the edification of an audience which persisted in remaining away from the place of discussion. It may also help in the end to dispel from the public the foolish belief that college speakers are too immature and incapable to be worth listening to. Left to pursue its general course the radio will inevitably debunk the shallow brained politician and expose his ignorance and inability to speak, and will inevitably also call attention to the well informed and trained speaker that championship college debaters must of necessity come to be. This new audience will be of inestimable value to the college debater as an incentive to accurate and careful preparation and to the development of the power to speak ably and efficiently. It also ought to increase the influence of the academic world

upon the general public and should be mutually beneficial.

It is well, perhaps, to conclude these remarks here, with the suggestion that the importance of college debating as practical education and practical service to the general public is growing each year. This is as it should be, and ought soon to penetrate the fossil-minded attitude maintained by certain educators in the past with a conviction that it is time for a revision of opinion about debating and controversial discussion. Debating is slowly but surely demonstrating that every argument urged against it is ill-founded and readily controverted. It is demonstrating the real value of extemporaneous controversy in the training of youth, and its real worth to the general public which listens regularly to innumerable things of less import and value.

EGBERT RAY NICHOLS

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CANCELLATION OF WAR DEBTS

A Trans-Atlantic Radio Debate

*Between Oxford (England) and Harvard
Universities*

CANCELLATION OF WAR DEBTS

OXFORD-HARVARD TRANSATLANTIC RADIO DEBATE

Voices across the sea—three speaking from London and three from New York debated the cancellation of war debts in the first trans-oceanic meeting in the history of two debating societies, separated by three thousand miles of water.

The debaters, A. J. Irvine, E. D. O'Brien, and Brian Davidson of Oxford, speaking from the studios of the British Broadcasting Corporation in London, and Paul C. Reardon, Donald M. Sullivan, and Philip H. Cohen, who spoke from the studios of the National Broadcasting Company in New York City, were divided irrespective of university affiliation. Two Harvard men were thus teamed with one Oxford man against two Oxford men and one Harvard opponent.

James W. Gerard, war-time ambassador from the United States to Germany, presided from America. In his introduction he declared that "the dangers of international misunderstanding are decreased when nations know each other. And this debate by young men three thousand miles apart, shows how science has narrowed what was once the wide, wide world."

With barely a moment's hesitation, the voice of A. J. Irvine, librarian of the Oxford Debating Union came with unusual clarity into the room where the Harvard men were gathered with broadcasting officials and the chairman for the contest. Irvine, in a voice that betrayed feeling, spoke of the event as an "historic occasion." "We greatly appreciate the enterprise which has made this debate possible," he said, "and, speaking for myself, I am delighted beyond words to have this opportunity of taking part in a radio debate with Harvard."

Irvine argued that in the interests of world prosperity, the cancellation of war debts was an imperative issue. He appeared to be speaking from notes rather than from manuscript, and employed an

informal style of delivery. As the first affirmative speaker he declared that "Germany's prosperity means the future prosperity of all Europe." His clear-cut Oxford speech was in contrast to the Yankee accent of Reardon of Quincy, Massachusetts, the first negative speaker.

Reardon's pace was more rapid and he piled up facts to refute the "humanitarian" appeals put forward by his English opponent. The clipped phrases and oratorical delivery of the American speakers contrasted with the slower pace set by the English undergraduates.

The speakers who followed in order were Sullivan of Boston, the second affirmative; O'Brien of Oxford, the second negative; Cohen of Baltimore who summarized the negative's argument, and Davidson of Oxford who summed up the affirmative arguments and closed the debate.

At the conclusion former Ambassador Gerard warmly complimented the debaters and spoke of the contest as an "epoch-making occasion."

The broadcast was heard throughout the United States and Canada over an NBC-WEAF network. Milton J. Cross introduced Gerard.

Broadcasting officials expressed pleasure at the manner in which the debate ran through sixty minutes of broadcasting time. Although separated by a vast expanse of water the debate came to an end on schedule and without the slightest mishap. Reception throughout America was said to be ideal. The debate was not broadcast in England.

The text of this debate as recorded by the National Broadcasting Company was contributed to this volume of debates by Mr. Edward M. Rowe, Director of Debating at Harvard University, Cambridge, Massachusetts.

Introduction, The Hon. James W. Gerard Chairman

The chosen debaters of Oxford University, England, tonight meet those of Harvard University, America, in joint debate.

The Oxford men speak from England, the Americans from New York, and through the courtesy of the

British Broadcasting Corporation of England, and the National Broadcasting Company of America, the public listening in is privileged to hear this contest.

The subject is: "*Resolved*: That in the interests of world prosperity, war debts should be cancelled." It has been agreed that war debts, for the purposes of the debate, shall be taken to mean both governmental loans and reparations payments.

At the conclusion you will be asked to send in your votes, voting not on the merits of the question debated, but on the merits of the contestants as debaters.

It may be hard for you to do this and to disassociate the debater from the subject of his talk, but please try, as impartial judges, to determine the merits as debaters of these opposing teams.

When nations know each other, the dangers of international misunderstanding are decreased and this debate by young men three thousand and more miles apart—each speaker heard by them and by you, shows how science has narrowed what was once the wide, wide world.

I introduce to you Mr. A. J. Irvine, the first affirmative, of Oxford University, speaking from London, England.

First Affirmative, A. J. Irvine
Oxford University

LADIES AND GENTLEMEN: I must first say how fully we on this side realize that this is indeed so far as the British and American Universities are concerned, rather a historic occasion. We greatly appreciate the

enterprise which has made this debate possible, and, speaking for myself, I am delighted beyond words to have this opportunity of taking part in a radio debate with Harvard.

I have to move that in the interests of world prosperity War Debts and Reparations should be cancelled.

You will agree that this is a very suitable time for representatives of the younger generation of our two great nations to discuss Reparations and War Debts. Europe and America, the whole world, indeed, is going through bad times. We have the astonishing paradox of unparalleled capacities for production coinciding with unprecedentedly extensive poverty and unemployment, dislocation and insecurity; a damaged trade. We are faced with a real threat of a complete breakdown starting perhaps in Germany and spreading throughout the world. What can we do to revive confidence?

Our generation, the young men and women of today, are especially interested in this for we cannot put into practice our ideals of reconstruction until this confidence is restored.

I strongly believe it would pay everyone to adopt this policy of cancellation. Frankly, I am unimpressed by the French arguments against this policy. M. Laval says that in order to get the desired confidence and security, obligations must be met; the national word must be kept. At first sight, an impressive view, but if a certain policy is suicidal, are we to refuse to abandon it merely because countries have been pledged to it?

The French say, "We paid up all right after the Franco-Prussian War; we have a right to demand payment from Germany." France made an immense effort indeed on that occasion, but can anyone deny that Germany since the War has also made a great effort?

In any case, the conditions are entirely different. We have just been reminded by Herr Lichtler that Prussia fought the Franco-Prussian War practically unaided. On that occasion no political conditions were imposed upon France. The indemnity had been completely cleared off within three years. I say the present situation is different for after twelve years Germany is still struggling and succeeding only in erecting a vast amount of debt.

Don't forget that France received immense services from the Allies during the War. Her demands now in time of peace must not be allowed to imperil the safety, the economic and cultural safety of these Allies.

That is my general case. I hold the view that cancellation is an essential step in the creation of confidence which everyone wants, which everyone is crying out for. I hold that the benefits now being gained from Reparations by the victorious powers are superficial and unreal; that from the point of view of the future, in which you at Harvard and we in Oxford hope to play a part, it is essential for world reconstruction that Germany should be saved and Germany encouraged to prosper.

It is my view that three things are preëminently necessary. We must aim at an all-around *reduction of tariff*. "Hypocrite!" I hear you whisper, just when

my country is abandoning its traditional policy of free trade, but I stress the point that this country for many years stood loyal to free trade and has been forced by the fiscal policies of other nations to leave the stronghold.

We must raise, also, must we not, the *world level of wholesale prices*? Both these things are absolutely necessary. But above all, I suggest that we must secure a *complete cancellation of War Debts and Reparations*. You cannot separate the two. You cannot cancel Reparations without a simultaneous cancellation of War Debts and all other governmental loans.

How best can we describe the general situation? Don't let us forget at any rate that Germany's difficulties in paying off her debts since the War have been enormously increased by recent events. The fall in the price level has in fact made it impossible. We, at any rate, on this side cannot but admire the diligence and enterprise with which, in spite of enormous loss of manhood and territory, Germany has been able to meet her obligations. She has stimulated her export trade in an attempt to make it possible for her to meet these obligations. It has been a heroic story. Germany was estimated this year to owe over seven hundred million pounds at gold parity. What a burden! What a preposterous burden for any country to have to carry! In 1930, faced with the world slump, Germany experienced a very black year, but she maintained and did her level best to maintain her payment of Reparations at a remarkably high level.

But now Germany cannot pay along the lines laid down by the Young Plan. It was a great act of international statesmanship on the part of your country, America, to secure a moratorium for one year, but undoubtedly, though much, that has not been enough. Germany is on her knees. After all, don't forget she is the central distributing power of Europe. The Allies have immense sums at stake in Germany. Germany's prosperity means to an astonishing extent Europe's prosperity.

In our own interests, apart from other and honestly greater considerations, she must be saved.

It's your country, America, which would superficially seem to lose most if this policy I am recommending is adopted. But the question is, will it be your loss in fact? Hitherto, your country has made enormous regular loans to enable Germany to pay. There has been surely a ludicrous, vicious circle of paying out and receiving back. It simply isn't sensible economics. Has not the only effect of the whole transaction been the creation of misunderstanding? And you will know on your side that the vast storage of gold which you have accumulated is not really assisting your industry or your enterprise.

Playing the game, as you know in Harvard, is a wise policy in any case, but here it coincides with reaping enormous economic advantage. The creditor countries must realize that this is an instance where momentary apparent loss will mean eventually the return of their prosperity. It is the hope and prayer of the young men

and women of England that statesmen will take the long view. Germany has had to suffer injustice since the War. Let the sordid remnants of the Great War be blotted out forever.

First Negative, Paul Cashman Reardon
Harvard University

Chairman Gerard: I next introduce to you Mr. Paul C. Reardon, of Harvard, speaking in America.

LADIES AND GENTLEMEN: By common agreement among the speakers this evening the phrase "War Debts" is interpreted as applying both to the German reparations payments and the various governmental loans made during the war. Mr. Irvine and his conferees believe that cancellation of these debts will place us once again upon that smoothly paved turnpike of prosperity. But in the true sense of the word the war debts can never be cancelled. During the war the stirring posters of James Montgomery Flagg and others urged our people to purchase Liberty Bonds. From the proceeds of the sale of these bonds our government lent the stupendous sum of eleven billion dollars to its Allies. It was distinctly understood that these bonds would be paid and retired when the money was refunded. Someone must pay the bondholders. The affirmative is arguing tonight that good old Uncle Sam should shoulder that burden—that United States taxpayers should foot the cost of a World War which they did not start, which they did not want, and from which they did not profit.

This solution of this great problem hinges on the condition of Germany for it is to her that the Allies look for the money with which they pay their just debts to us. The basic argument of the affirmative this evening is that Germany cannot pay. Upon this foundation stone they are building their entire case. But they have to convince us that that stone is solid enough to support so imposing an edifice. We contend that proof is lacking to show that Germany can't pay. Although she has felt the depression to an unusual degree, she had a favorable commodity balance in 1930 which allowed her to pay two-thirds of her obligations under the Young Plan and the other one-third with borrowed money. With a greater economy in administration we believe that she could have surpassed the payments she made without borrowing. The London conference of last summer stated, "the present crisis in Germany is not justified by the facts." Hjalmar Schacht, former president of the Reichsbank, states in his recent book on the Reparations that events might have transpired favorably in Germany had not the governments, national, provincial, and municipal, chosen to waste their substance in lavish schemes. At the present moment, Germany has her new bridges, her great kurhauses, her modernistic apartments—we have the bonds. Dr. Schacht declares that there was no excuse for these governments to resort to outside borrowing to balance their budgets. Money loaned for rehabilitation has been employed to put factional social policies into effect. The increase in payments of state social insurance in Germany from one billion marks in 1919 to

eight billions in the last year is significant. In the event of cancellation, Germany still has her billions of dollars in private debts to pay. We cannot countenance the burdening of our citizens with the cost of the war in order that the international bankers may retrieve their position in a field which evidently they had not too thoroughly surveyed. We believe that with greater economy and a will to pay, *Germany can pay*.

Advocates of cancellation sometimes lose sight of the fact that when we consider world prosperity, American prosperity is an integral part of our consideration. We wish to make clear with all the power at our command that this country can ill afford to shoulder this new burden. The daily increases in the treasury deficit promise a total deficit of two billions of dollars at the end of this current fiscal year. Treasury officials are now busily engaged in planning new taxation schemes which our people will feel all too soon. Our vaunted prosperity of three short years ago has left us. We have our millions of unemployed. We have a tremendous agricultural problem with which to contend. Our government is slashing its budget wherever possible. We have our internal troubles in no less measure than Europe. We are prepared to accept the challenge hurled at us by the depression and fight it out but why should we be expected to fight Europe's battle too. In the excitement attendant in discussing this question it is sometimes overlooked that the United States in 1925 scaled down her foreign debts considerably. Computed on the basis of the original principal and the original interest rates of five per cent we have already

cancelled fifty-one per cent of our debtor's obligations. In addition to this, those afflicted with the present economic neurasthenia demand more relief. The facts of the case will bear investigation by the affirmative. Since the war our carelessly extended credit has enabled European borrowers to enjoy a higher standard of living not justified by their intrinsic means. American money is caught in Europe in the vise of the depression. Now come the advocates of this so-called cancellation and beseech us in the name of a new prosperity to forget these just debts, to add to a tax burden soon to be increased anyway, to take on the shoulders of our people these billions, to be paid for by an American generation yet unborn. Surely this is not returning prosperity.

Even if America could pay, however, she should not be forced to pay all. If Germany goes bankrupt then Britain, France and Italy should chip in and help pay the bill. Uncle Sam is being put in the position of the Good Samaritan going down the road to Jericho. Not only is he expected to bind the wounds of a Germany fallen by the wayside but he is also requested by the affirmative to overtake all the travelers who passed poor Germany by and pay their expenses at the inn, too.

If our friends are really looking for a revival of world prosperity why do they play around the edges of the question? After all, the War Debts constitute but twenty-seven per cent of the balance of international payments. Their cancellation would not go far in aiding the return of normalcy. We must get to

the heart of the situation. In the first place, high tariffs should go. International payments are dependent upon the free movement of goods from country to country. The Wiggin report of last summer stated, "We are pursuing two contradictory policies in permitting the development of an international system which involves the annual payment of large sums by debtor to creditor nations while at the same time putting obstacles in the way of the free movement of goods. The policy of obstruction is a poor one." Tariff lowering augurs returning prosperity much more surely than cancellation of just debts.

So does armament reduction. Next February there meets in Geneva a conference fraught with consequences for the whole world. The subject to be discussed is further disarmament. Today in the depths of a major depression enfeebled treasuries are pouring out their substance in preparation for the next world war. On July 6, the President stated, "The world has solemn need for thought on the causes which contributed to this depression. I need not repeat that one of these causes is the burden imposed and the fear aroused by competitive armaments." The League of Nations Armaments year book tells a story of increased armaments expenditures up to and during this depression. In the past three years our three most important debtors paid us approximately two hundred million dollars in interest and principal on their respective debts while they expended one thousand one hundred seventeen million dollars on armaments. *There* is one of the real causes of the depression. Certainly the

American Taxpayer has the right to insist that the world first disarm before he takes over the burden of paying for a war the origins of which did not concern him, and the results of which aided him not a whit.

If tariffs are cut, armaments slashed, and other economic reforms instituted, there is no doubt that these debts can be paid, for Germany will profit as much as the rest of the world from the return of normalcy. As representatives of the generation which will have to pay the bill, as individuals with the interests of world prosperity at heart, *we protest the cancellation of these just debts.*

Second Affirmative, Donald Mark Sullivan
Harvard University

Chairman Gerard: Ladies and Gentlemen, I introduce to you Mr. Donald Mark Sullivan, the second affirmative, of Harvard University speaking in America.

LADIES AND GENTLEMEN: Mr. Irvine, my colleague from Oxford, has sketched an able picture of the general aspect of the War Debt situation. May I go into some of the details of this situation, especially from the American point of view. Mr. Reardon's parable from Luke would have fitted even more appropriately into my own speech. As you will remember through his action of mercy, the Samaritan gained salvation. Throughout his entire speech, Mr. Reardon laid great stress on the phrase "just debts." But were these debts really just? German diplomats in 1919 were forced in the Versailles Treaty to sign a confession of

Germany's full moral responsibility for that product of innumerable political and economic complexities, the World War, and with that confession as an implied premise, they also agreed that Germany should pay reparations but the German people have never accepted as just what their representatives were forced to swallow under pain of military occupation.

A conquered nation must submit. Beginning in 1921, Germany began to pay the mad, exorbitant sum of thirty-three billion dollars in gold. In 1922, warning clouds appeared on the German financial horizon, but the creditor Allies whistled in the wind. Even in 1923, when the storm of collapse broke, causing complete financial downfall and making the German mark the laughing stock of the monetary world, the French conceived the Germans to be practicing deceit, and they occupied the Ruhr. But bayonets could not draw gold from the empty air and in 1924, the Dawes Commission set about to repair the damage, scaling the annual sum of Reparations down from the crazy heights where hate and fear had placed them. Like any other great enterprise, a nation must balance her books, and when she bears on the debit side a vast Reparations item of four hundred million dollars, she must oppose to it on the credit side either income from an export surplus or income from foreign borrowing. From 1924 to 1928, Germany's books bore no income from exports and foreign loans had to be made to pay the reparations. In 1929, her exports and imports were evenly matched and she was forced to borrow again. In 1930, as Mr. Irvine has told you, she had a

slight export surplus, but it was not enough to cover the four hundred and five million dollar Reparations payment. Again she borrowed. During those six dreary years, from 1924 to 1930, the most drastic price-cutting did not provide Germany with the export surplus wherewith to pay her debt. Mr. Reardon has very ably demonstrated that nations did not coöperate when they raised tariff barriers against Germany's exports, the only means by which she could pay and in 1930, private bankers, with a misguided caution born of apprehension of gains of Communists and Fascists in German elections, called in their loans, and created a financial crisis which sucked eight hundred million dollars from German banks and treasuries.

Germany was now on the brink of complete financial downfall, but the Hoover moratorium and the standstill agreement by private bankers gave her a lease of life. A most horrible catastrophe had been postponed, but it has not been averted for good. The evil day faces us in July, when the moratorium ends. The Wiggin Committee has declared that Germany must be relieved before then for the present amount of political and commercial debts are far above her capacity to pay. Mr. Reardon may cavil at her internal expenditures as unwise, he may rail at her social improvements, he may demand economies, but who is to tell Germany how to run her Government? Military occupation is out of the question. Germany in her present condition cannot pay, and if we allow her to fall by forcing her to pay, with her will go not only the whole sum of Reparations, but also five billion dollars in commercial

debts. Of this sum, American investors and banks have at stake almost two billion.

The Wiggin Committee has said that Germany cannot pay all. Only yesterday, Adolph Hitler, leader of the strong National Socialist Party in Germany stated that he would back the commercial debts though he would bar Reparations. Germany's creditors cannot receive all. They must be satisfied with part. We must insure the safety of our commercial debts which Germany is able and willing to pay by cancelling the War Debts. As Mr. Reardon has told you, the greatest burden of cancellation will fall on the American taxpayer, but it is not too great for Alanson Houghton, former Ambassador to Germany and England, has estimated the cost per person in the United States at one dollar and eighty cents a year for the sixty-two year period over which we would have collected our debts abroad. The loss of five billion dollars in commercial debts at one stroke in the event of German collapse would smash the bond markets of the world and in the United States alone the banks; many of them already are on the ragged edge; would lose not only what they might hold in German bonds, but also would feel the depressing effect on London securities and South American bonds. Banks pressed for cash would call to domestic debtors, causing failure and collapse. The shock which would strike in Wall Street would reverberate throughout the country affecting any person or company which is even remotely connected with this vast network of loans. We are in a period of depression. Such a shock to the securities

of the world would bring about severe financial strain, possibly universal collapse. It might be well to save the commercial loans by cancellation of the Reparations and Allied Debts, for if we continue to demand of Germany what she cannot pay, we lose all.

We must recognize, too, that by forcing Germany to pay Reparations, we are forcing her to strip her industries, to depress her wage level, to make great cuts in prices in order to gain an export surplus. She succeeded in 1930 and 1931, but it was at the expense of exporting nations, including the United States and Great Britain. This unnatural competition weakens Germany and injures us. A straw may break our industrial back. We cannot afford to lose our markets to Germany. Great vision is not required to warn us that Germany as a healthy importer is far more advantageous to us than as a competing exporter. If we cancel our debts and if our former Allies cancel German Reparations, Germany will be saved. Her financial position is an essential to the realization of the changes which Mr. Reardon advocates. These changes we admit are integral to prosperity, but they can never come until the threat of German collapse is removed. The banks of the world are full of credit. Industry waits the signal to go. England, the United States, South America, all have seen the worst of this depression. The one obstacle to an upward movement is Germany's weak condition which hangs like a sword in the imagination of the investing public. The stabilization of Germany by cancellation of Reparations will give us a fresh start; will have a tonic effect, which will

cause the wasted form of prosperity to rise and walk again.

Germany must be saved. She is the last outpost before the traveler casts away his liberty to enter Communistic Russia. The buffer state of capitalism, she stands between Russia and a Coast-to-Coast Communistic Empire. The three and a quarter million Communistic votes in the German elections of 1928 grew in 1930 to four and a half million. This is many times the number which carried through the Red Revolution in Russia in 1917. Adolph Hitler and his national Socialists rise strong and formidable on a platform of repudiation of Reparations. The gains of these two radical parties are our warning that if she is crushed by the greed and stupidity of her capitalistic neighbors, Germany may face revolution. On the one hand, we have the opportunity to save the commercial debts, to relieve Germany from a devastating competition with our exports, to lessen the political tension which stands as a barrier to world confidence. On the other, we have a Germany forced to collapse, a tempting prey to Communism or Hitlerism. In this great struggle of capitalistic civilization, Germany is our strong ally. She must be preserved by cancelling the War Debts.

Second Negative, E. D. O'Brien
Oxford University

Chairman Gerard: Ladies and Gentlemen: I introduce to you Mr. E. D. O'Brien, of Oxford University, the second negative, who will also speak from London.

LADIES AND GENTLEMEN: Good evening! I understand that time is in this debate the essence of the contract, but in spite of the fact that as I said, heaven knows how many engineers may be twiddling heaven knows what weird dials and glancing impatiently at the second hands of their watches, as I do so, I feel that it would not be fitting if I, as President of the Oxford Union and Leader of the Oxford team, did not take this opportunity of expressing our very deep gratitude to our American friends for all the trouble that they have taken in arranging this unique and, to the speakers on this side of the Atlantic, at least, highly interesting debate.

I must confess that I feel a little uneasy as I address this unassuming and phlegmatic instrument tonight, for when I suggested to Mr. Eccles, of Harvard, that there should be a general mix-up of speakers, I little imagined that it would be I who should find myself speaking on this side of the debate, and I must make it quite clear, therefore, that, as the editor says, I do not hold myself personally responsible for any views that I, in the rôle of a pure debater, may advance tonight.

I intend, however, to put forward what I believe

would be the view of the average young man who is mildly interested in politics; who is very little of an economist, but who holds that the whole structure of international finance and financial relations is not one which can be lightly or enthusiastically upset without serious detrimental consequences to the world at large. Here my personal opinions must be allowed to peep through for a moment—there is a very grave danger that War Debts will be cancelled automatically by the inability or the refusal of Germany to meet the international financial obligation.

I had the good fortune to be in Germany during the whole of the Reichstag election campaigns of 1928 and again during that of 1930, and as far as an immature and an incompetent foreign observer can in any way judge the temper of a people, I would say that there is every likelihood of Germany's refusing, on the grounds of inability to pay, to honor those pledges which she feels were extracted from her under duress and which she now holds to be financially disastrous and morally wrong.

To some extent they were mere paper transactions. It is, as Mr. Irvine has said, pretty queer economics when you have the curious situation of a creditor lending more and more money to his debtor in order that that debtor might be able to meet his excessive demands upon him or that there is also a very great deal to be said for the view that while the shadow of indebtedness hangs over the relations of nation and nation, we shall remain bad neighbors.

But what happened, we may well ask, when the loan

is offered by one ex-enemy country to another ex-enemy country, or perhaps worse when the debt owed is to a hostile victor by a hostile vanquished. That, as I said, is the situation in Europe and the world today.

But in spite of the eloquence and the economics of the preceding speakers, I refuse to admit that the case that they have put forward is in itself and by itself good, or that cancellation is any magic word which by itself will unlock the now long cobwebs of world prosperity, for after all cancellation is a word which is frankly uncompromising. To the ordinary man, like myself and many of my listeners, the ordinary man carrying on his ordinary everyday business, surely cancellation implies the immediate and unconditional washing out, if I may use the word, of the debt.

Do my friends who are speaking on the other side of this debate tonight honestly believe that international financial transactions are as *simple* as all that? What is going to be the effect on the world of this sudden and drastic step? What is the position with regard to Reparations? We have had many speakers tonight, but the question resolved into its simplest form is this—America on the balance of Reparations payments is four hundred fifty million pounds up; the Allied countries, considered as a whole, three hundred fifty million pounds up; Great Britain is one hundred thirty-three million down, because of the fact that the payments to Great Britain commenced much later than her payments to America.

Could we not demand that reparation payments should continue at least until such time as we are all

square? We cannot lightly sacrifice such a sum at such a time for we owed the United States eight hundred fifty million pounds. We were owed by other countries three thousand four hundred million pounds. But by the balance for agreement, we agreed only to receive as much as we paid the United States. We have, therefore, given away in effect two thousand five hundred fifty pounds. We in our present crisis, we might well say, can do no more, and that might be the narrow English view to take on the cancellation of war debts.

Or, again, we have heard tonight the American view put forward, a view which, as I said, is in logic unanswerable. The United States, we have been told, and I see no reason for doubting the truth of that statement, has made great sacrifices for Europe. In the event of an all-around cancellation of debt, the American taxpayer, it is said, would have to bear the load of Europe, even military folly in the past, while allowing European nations financial freedom to pile up fresh armaments for fresh catastrophe in the future.

That is a view which I understand is widely held in America, and with very wide and very great justification. And, again, we hear in our own press a great deal of uninformed nonsense being talked about the French attitude. After all, for a logical nation like the French—I am not saying tonight that we are all of us or should be logical nations—but for a logical nation like the French, the position is perfectly clear. “Germany,” she says, “has already, on a previous occasion obtained an advantage over the rest of the world by

the collapse of the market." Heaven knows, she paid heavily enough for it! But from the point of view of industry she gained an advantage over Europe by the collapse of the mark. "She," says France, "is intending to do it again by repudiating her war debt." These debts, say the French, are the equal obligation, admitted by all to be binding, by any strict view of law.

My friend, Mr. Irvine, has said in effect that the whole thing is a question of psychology. He has poured eloquent scorn on the French view, on M. Laval's view, that the great need of the world today is a revival of confidence.

Well I would only say in conclusion, we have the system for better or worse, and many of us think for worse. On it depends the whole delicate nervous system of international finance. A sudden breakdown by such a drastic step as debt cancellation can only mean disaster. We on this side of the debate, or some of us at any rate, are prepared to admit that international agreements must be reconsidered in the future in the light of the grave international situation.

As I came up in the train from Oxford today, I must confess that I was prepared to approach this debate in a spirit of levity. During the day I have talked with two men, both of whom are what you would call big business men. Both of them are faced with ruin. This is no time for any misplaced levity. The shadows are all over Europe and all over the world today. In Germany, starvation is not only a threat but a ghastly actuality.

In our own country, we are faced with the long, gray

queues of the unemployed. In America, we are told that problem is becoming increasingly grave.

We on this side tonight are not going, therefore, to have any sympathy with a mere Shylock attitude, a mere pound of flesh attitude. All we would say is this—we cannot risk a sudden, rapid collapse or reconsideration of international financial relations. That point of view is not statesmanship; it is *folly*.

The way to world prosperity, we hold, is not an easy one. Before us lies not one immediate, glorious sweep which will put the world on its feet. Admittedly, for some time to come, it will be disappointing and slow work, but I honestly believe that in the long run it will be work which will bear far greater and better fruit than any easy, panicky, hysterical and sudden throwing up of the financial hands of the world.

That, ladies and gentlemen, I believe to be the case against this motion.

Negative Summary and Rejoinder, Philip Henry Cohen Harvard University

Chairman Gerard: Ladies and Gentlemen: I introduce to you Mr. Henry Cohen, of Harvard University, who will give the negative summary, speaking in America.

LADIES AND GENTLEMEN: Both friends and opponents of War Debt cancellations will agree after the discussion this evening that it is unfortunate that our debate takes place during an economic depression, at a time when five-year plans, programs for unemploy-

ment relief, and cure-alls for business depression are offered by the dozens; plans which in normal times are scarcely discussed, receive consideration.

This evening the affirmative tells us that the cancellation of War Debts will perform wonders that would put Aladdin with his magic lamp to shame. In one breath we hear that cancellation will save Germany; in the next breath we are told that shifting the burden of these debts to America will not cause hardship on the American taxpayer. Truly, we are a hardy people!

To establish their position this evening, the affirmative has painted two pictures, one of a destitute Europe struggling helplessly under a tremendous burden of debts; the other of an uncompromising America which holds the key to prosperity but refuses to use it. You will recall, however, that my colleagues have shown that this destitute Europe squanders great sums of money on lavish building expenditures and six times as much on armament races as on war debts. You will recall, too, that this uncompromising America has already reduced by forty-three per cent these just debts.

Now America asks that other economists be employed, and that the impossibility of Germany's paying the Reparations be proved before the burden of the debts is shifted to the shoulders of the American taxpayers.

Both sides have readily agreed that in order for Germany to pay her debts—and in the last analysis, she is the debtor nation—she must have the coöperation of the other nations of the world. The rabid nationalism which results in the protection of one hun-

dred and fifty year old infant industries, must cease. We cannot extend one hand for payment and with the other erect a tariff wall which makes payment impossible. Let us admit at the outset, then, that a general economic housecleaning will have to preface satisfactory debt settlement.

Such readjustment, enabling Germany to pay her debts, would help world prosperity far more than a general debt cancellation which would mean in effect a declaration of bankruptcy. A nation which declares itself bankrupt will have no easier time reëstablishing its credit than a bankrupt corporation. It would be difficult to cite an instance in which confidence has been bred by repudiation or in which the cancellation of just debts has heralded the return of prosperity.

Strangely enough, the affirmative has hardly considered America a part of the world when speaking of world prosperity. They seem to assume that America has not been affected by the world-wide depression. Unfortunately, and we speak with feeling on this point, such is not the case. It is estimated that the cancellation of debts would necessitate a twenty per cent increase in the personal tax of American citizens. This will surely not restore prosperity in a country which has seen more of its banks closed than any other nation during the current depression.

The repayment of war loans today constitutes an asset in our national budget. Cancellation would mean wiping out that asset and substituting a liability. As Mr. Reardon has pointed out, America was not a winner by the War. The expenditure of thirty-eight bil-

lions of dollars, the loss of one hundred twenty-five thousand lives, are not items which can be added to the credit side of a nation's budget. America got none of the spoils of the War. Indeed, her only souvenir is an eleven-billion-dollar Liberty Bond issue, and let it be remembered that no trick of legerdemain can spirit away these bonds. They are obligations of the United States Government, and if the War Debts are cancelled, American bondholders will see their taxes increase in order that they may receive interest on their bonds. Here is truly a case of a strange concept of economics.

In conclusion, then, we again urge that every effort be made to wipe away false ideas of economic stability and national honor. We endorse President Hoover's moratorium, and realize that further consideration must be given Germany as Mr. Irvine suggests. But in the end, and this the affirmative fails to remember, it must be recalled that we live in a capitalistic, competitive society, which relies for its very existence on the fulfillment of obligations. Because the proposal offered this evening strikes at the very foundations of that system, we urge that the War Debts must not be cancelled.

**Affirmative Summary and Rejoinder, Brian Davidson
Oxford University**

Chairman Gerard: Ladies and Gentlemen: I introduce to you Mr. Brian Davidson, of Oxford University, who will give the affirmative summary and who is the last speaker of the debate, and who will also be heard from across the Atlantic in England.

LADIES AND GENTLEMEN: We have heard three very eloquent speeches on the negative side this evening, but I could not help feeling, and I think you must have felt, too, as you listened to those speakers, that they either do not or will not realize the full gravity of the situation that confronts the world at this moment, and in the world, let me state at once, that I am including America, though the last speaker seemed to doubt it.

Let us look at the facts about War Debts and Reparations. First of all, let us put aside moral issues which have been raised. They have nothing to do with the question of the interest of world prosperity, and if you want to argue about moral issues, I will ask you was it morally right to lend the money to enable people to wage a war? Is it morally right to hand a revolver to a mad-man?

Next, let us put aside the mere theoretical question, that creditors naturally want to be paid. I know it very well. My tailor is always wanting to be paid, and I dare say the tailors in America are very much the same as they are in England.

But we are considering the prosperity of the whole

world—America, England, France, Germany, all the nations. And let us just look at the plain facts of the case, all these irrelevant considerations laid aside.

Take a typical case of these payments. Say Germany owes so much reparations to England. Well, in order to pay those reparations, Germany, as I think Mr. Reardon said, must build up a favorable trade balance. That she can only do by putting a tariff on imports which lowers the standard of living of her own people. And even so it is very difficult for her to pay. So much for the effect upon the debtor nation.

We turn now to England, the creditor. Vast quantities of German goods are being dumped upon her in payment of reparations; the payment of these unnatural debts is always the most vicious form of what we call dumping in these days. As a result of this dumping, England's home industries lose their market while at the same time the tariffs that Germany has put up injure England's export trade very gravely. And finally England, too, is driven to put on a high tariff, the evils of which have been admitted by at least both the speakers in America on the negative side of this debate. England is driven even to protection, and so she prevents Germany from paying the debts at all.

It is a fantastic situation, a really good case of one man's meat being another man's poison. We are refusing to take the poison in this country very naturally; we are now even allowing the German to have his sausage meat. And the same applies, of course, to all creditor and debtor nations. The same applies to America, for I am including America in this analysis

of the economic situation. Where is the sense of it all, Ladies and Gentlemen? Where is the sense of it? Just look at the results. We live in a world whose material resources are infinitely more abundant than ever before. On the other hand, millions of our fellow men in America, in England, in Germany, all over the world, are on the verge of destitution. Trade is being brought to a standstill. Industry is paralyzed. And some of us think that we are within measurable distance of a final break-up of the world that we have known. Let there be no mistake, if any one of the Great Powers is ruined, the rest of us will be involved, and involved irreparably.

Is it very surprising then that we do think it essential to cut away one of the main causes of the present crisis? Is it surprising that we ask you, citizens of America, to agree with us, not only to agree but to take action? You especially who are members of a great nation which will be honored by future nations for having first, by proposing the debt moratorium, taken steps to end the present folly and the present madness of the world. Are you going back to a course that can only involve you and the rest of the world alike in *ruin* and *utter disaster*?

Now, if ever they were, those lines are true which were written of your country: "Humanity with all its fears, with all the hope of future years, hangs breathless on thy fate."

And I cannot believe that humanity will be disappointed. Good night to you!

Closing Remarks, The Hon. James W. Gerard
Chairman

You have heard this most interesting debate by champions physically three thousand miles apart and somewhat apart in their view of the merits of this question of the payment of debts. We ask you again to send in your votes, voting on the merits of the debaters as such and not on the merits of the question debated, and I am sure that all of us wish again to express our gratitude to the National Broadcasting Company of America and the British Broadcasting Company of England for the opportunity to hear these gifted young men of both of our countries who tonight have spoken so skillfully and who, I am sure, will in the future use their talents for the promotion of true friendship between the peoples of Great Britain and America.

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CAPITALISM IS UNSOUND

Ohio Debate League Proposition

CAPITALISM IS UNSOUND

DENISON UNIVERSITY AFFIRMATIVE AND NEGATIVE

The Financial Depression of 1929-1932 introduced into debating circles in the colleges discussions of capitalism and socialism, communism and control of industry during the 1931-32 college year. The following discussion is one challenging and defending the system of private property and enterprise that we have come to term "capitalism."

The speeches of the Denison debaters were contributed by their coach, Professor Lionel Crocker, and were used in debates with Ohio Wesleyan University, Miami University, Ohio University, University of Cincinnati, and Muskingum College.

The question as used by the Ohio Colleges was stated: *Resolved* that Capitalism as a form of economic organization is unsound. The same question with varying statements was used in several of the New England and Atlantic seaboard states. Capitalism was the subject originally selected by the Pi Kappa Delta National Forensic Honor Society for the season of 1931-32, but in the process of getting phrased into a debate proposition the final statement emerging was one on the control of Industry. The two subjects are quite closely related, yet different in debating parlance. The number of colleges debating Capitalism and Control of Industry or both reaches rather astounding totals.

First Affirmative, S. A. Anderson Denison University

LADIES AND GENTLEMEN: I speak for the Denison Affirmative on the question, "*Resolved*: that Capitalism as a system of economic organization is unsound."

We firmly believe that Capitalism is unsound and in substantiating our belief I will outline briefly the case against Capitalism which includes, unequal distribution of wealth, tremendous overproduction in industry, private monopoly of basic industries and natural resources; each of which is sufficiently important to justify our releasing ourselves from this great menace—Capitalism. Mr. Klein will continue the argument by explaining what true Socialism will do and by presenting our plan of Socialism. Mr. Kruse will conclude our argument with a comparison of the future under Capitalism and under Socialism.

Now allow me to show the faults of the present economic system. The basic fault according to most authorities on economics is an unequal distribution of wealth which resolves itself into inadequate income for the majority of people. In 1929, the Chicago Board for compiling labor statistics after having interviewed seven hundred colored families and one thousand white families, which is a fair example of the population of the United States, set as the minimum standard for health and decency, a wage of one thousand thirty-five dollars. Remember, that when I speak of the results of Capitalism and use the United States as an example I am showing Capitalism in the wealthiest country in the world and much blacker pictures could be shown of Capitalism in other countries of less financial standing. This Chicago Board the following year, made another survey and found that there was an average shortage of seven hundred dollars, per year, which means that on the average the majority of families in

the United States fall seven hundred dollars short of the minimum for health and decency. If this be true in the wealthiest nation on earth what is Capitalism accomplishing in the nations less fortunate than ours.

It is obvious, from this report, that a low standard of living is inevitable. As to the facts concerning our present distribution; "The Aristocrats" of labor, by those I mean construction men, railway engineers, tailors, and so on, three million in all, receive an average income of forty-two dollars, per week. While the 16,000,000 farmers, manual workers, servants, and such, get less than twenty-five dollars per week; less than a decent living wage. Is it not paramount that some change in our economic system must be made in order to ameliorate this deplorable condition? Do you realize that forty-six per cent of the entire wealth of the world is controlled by one one-hundredth of one per cent of the total population? It is because of conditions like these that I am prompted to suggest a change in the present economic system. This one fault alone is sufficiently important to necessitate a change; but there are others.

We will have if history repeats itself, as it always has in this matter, periods of economic depression which always result in gross unemployment. Today, hundreds of thousands of skilled workers are walking the streets looking for work, or looking for clothes, food, shelter or anything that will better their condition in any way. Who can deny that depressions and unemployment are not directly responsible to the economic system for their existence. And even in the periods

of highest inflation upon the authority of the Federated American Engineering Societies, there is always one out of every forty wage earners out of work. Should the people of the world bow down to Capitalism and capitalists to such an extent that we risk our whole existence to the whims of a class of persons who are so warped by the constant following of the almighty dollar that they will gamble lives for dollars?

The rights of working men have become so controlled by capitalists that they have no voice at all. Since there is no organization between the producers, the markets become flooded with the same articles made by different companies. For example there are hundreds of shoe factories all over the United States each trying to outfit the entire population with shoes. Since there is such a vast overproducing of commodities, in order to sell the articles, it is necessary for each producer to engage in an extensive advertising campaign to acquaint the public with the finest brand, his particular brand, on the market. These advertising campaigns must be paid for either by an increase in price of the article or by a cut in the workmen's wage. It inevitably results in the workman getting a cut because if the price of the commodity is too high there is no sale for it. As a result of this procedure by which the workman is always getting the worst of the deal, the workmen strike—their only weapon. In such a predicament the laborers have only their fellow workmen to lean upon for aid, for capitalists have even obtained control of our agencies of government to such an extent that the government relief agencies say they

have no milk or food for starving families of workers who dare strike against the bosses. In one instance, the gentle bourgeoisie lady, who handles poor relief in Washington County, Pennsylvania, told the miners there that she didn't care if all of their children died—they were striking against the bosses of the country and that the depression was an act of God to rid the country of such rats anyway. When five per cent of the population controls the remaining ninety-five per cent to the extent that I have just shown; to the extent of life or death, is it not time, for the good of all, that a system that fosters such control, be done away with?

Further, the fact is that the present ownership of natural resources and basic industries is in the hands of an unbelievable minority. For example: four-fifths of the anthracite coal is owned by just eight companies; one-half of the copper is owned by four companies; three-fifths of the steel by just two companies, and the entire oil business is controlled by just four companies. When capitalists get such a control as this over the people, how can anyone have a feeling of safety and security with what little he has been able to save away? What has happened to the theory of the equality clause of our Constitution. Should we continue to allow this private monopoly of the basic industries to exist or should we change our economic system to one which *guarantees* in a certain sense, equality?

No one has yet shown how we can eliminate the waste of uncoördinated industry, the waste of the ruthless destruction of natural resources, without a pro-

found modification of our system of private ownership of basic resources and their operation for private property.

We believe that in our modern world today, Socialism affords our best hope of utilizing our immense resources of material and skill so as to abolish poverty and the terrible insecurity of workers, which is so prevalent under Capitalism. It will reduce the menace of war that is constantly facing us under Capitalism, and it will increase the measure of freedom and fraternity in our world which now practically does not exist. Mr. Klein will present our plan of sane Socialism.

First Negative, Arthur C. Mentall
Denison University

LADIES AND GENTLEMEN: We, of the Negative, contend that Capitalism is functioning well in spite of the present depression, and that there is no cause for change.

Before we proceed with this debate, we must clearly understand the meaning of the word, Capitalism. Capitalism is that form of industrial organization where the means of production are under the control of private individuals. Each one of you can be classified as a private individual.

Socialism is not easily defined, yet all advocates of the system agree that the means of production shall be under the control of the group. The group will control the industries in such a manner as to eliminate private profit, rent, and interest.

Mr. Anderson, first affirmative speaker, has accused the capitalistic system of maintaining huge monopolies to the detriment of industry. Anyone who has casually gazed over the famous trust era that ended in 1904 must be astonished to note the number of failures to retain control of the market in spite of ruthless methods some of the less educated industrialists practiced. Even when the act of combination resulted in complete monopoly, it was rarely kept intact. These early trusts, generally speaking, have a history of shrinkage and leakage. Not only did they take advantage of their dominant position but they charged high prices for their commodities. Their huge profits attracted other investors, competition appeared as the years went by. This competition became exceedingly powerful, powerful enough to destroy any monopoly there may have been in existence at the time. Some of the dominant industries were moderate in the use of power, charged fair prices, and consequently, became good trusts and not ones to be feared.

Prior to 1913, forty consolidations experienced financial difficulties. Many were forced out of business entirely, others lost their monopoly position. A few like the United States Steel and the Standard Oil reorganized and now hold strong positions, but keen competition is being experienced by these reorganized corporations today. The problem of monopolies is not as serious as the socialist would have us believe, rather, many of its evils have been eliminated through legislative action and by the initiative of the industrial leaders themselves.

Considering over-production, we must admit that the only true meaning of the word over-production must be from the point of view of the machine itself. Since modern industry has been marshalled into our economic system, the machines have from time to time produced more than the buyer could buy, and consequently, the machine was forced to cease producing. The first ten machines over-produced, the first one hundred did likewise, and the first million followed their example. Soon these old machines or new machines were running at top speed to overtake the demand. So we have never really produced more than we need, but rather we have found ourselves with more goods of certain kinds than could be sold at a profit or at a legitimate price.

Now in the price of the commodity alone can we hope to reduce over-production. If we produce too much, prices will be lowered below costs of production, consequently, production will cease because of its unprofitableness. In a highly organized industrial system such as ours, we must produce in anticipation of future demand, and should that demand cease, then we have over-production. As long as the consumer permits fashion to rule his purchases, he must content himself with over-production. It is not the fault of supply, but rather that of demand. The only way to restore economic health then is to build up demand.

There will always be unequal distribution of wealth because Capitalism, the most democratic of all economic systems, rewards each individual according to

the value of his work. If he has ability, his rewards are great. If he is shiftless, lazy, and indolent, Capitalism rewards him accordingly. Under any other system the individual's freedom is reduced, his character undermined, his initiative stifled, his morals permitted to degenerate. Capitalism places the responsibility for advancement upon the individual himself and whoever exerts himself to the utmost is rewarded in proportion to the amount of work that he has done.

Before we discuss bread lines, we should examine one. Let us look at one hundred sixty-two men standing in a bread line in Cleveland, Ohio. Very few if any are without overcoats; they may be hungry but they will soon be fed; their families may be in want, but the huge social service machine will stretch forth its fingers to aid them. Thirty or forty years ago, conditions were horrible. Men had little clothing, no food whatever, and their families died in poverty. But Capitalism has progressed because it has not been insensible to human needs. Its members have donated millions for relief and charity work. Capitalism has raised the individual's standard of living to the plane where the unemployed today are better off than was the working man of three decades ago.

Depressions have followed great advances in production before. Unemployment has ravaged throughout the land. But what seemed to be an over-supply then would only satisfy a few of our wants today. Surpluses may check temporarily industry's stride but it is a step toward progress. However, it is a warning

that the world is distributing too little rather than producing too much. We will never be able completely to satisfy the needs of our people.

In spite of the major depressions the United States has experienced, the jobless have eventually succeeded in securing work in those new industries which continued to create jobs as fast as jobs were vacated in the old industries. The automobile industry alone created four million new jobs, and millions of others were available by the invention of the radio, telephone, refrigerator, electric shop and so forth.

The total amount of employment available for wage earners tends to increase year by year. Each decade offers greater opportunities for employment to an increasing population. Each year, the United States begins with huge amounts of capital to build more miles of railroad track, more trains and steamships, automobiles and tractors, larger and better factories, better mining facilities, increased capacity to produce larger amounts of agricultural and raw materials. Our economic system starts with a larger population, greater demands are made, more employment is the result.

It must be remembered that there will always be unemployment, for some people cannot be forced to work. The crippled, the diseased, the mentally defective, the aged cannot work. In times of our greatest prosperity, we have unemployment. It is folly for the socialist to claim that his system will eliminate or reduce unemployment. The only possible way to reduce unemployment regardless of the type of economic

system in operation is the capitalistic way which embraces many progressive reforms.

Capitalists are eager to stabilize and regularize their industries because idle machinery soon rusts. Idle factories cause profits to diminish until they disappear leaving deficits in their places. Construction programs employing two million men and involving the expenditure of six and one-half billion dollars were carried to completion in 1931. Immigration is being restricted so as to protect the American worker. Five and four day-a-week programs are being practiced in many industries. Unemployment insurance is being considered. More embracing compensation laws are being enacted. National employment bureaus are being organized. Is this not an evidence of the good intentions of the capitalist?

Now in conclusion, why do we blame Capitalism entirely for this depression. Heretofore, Capitalism has not been forced to bear the entire blame for this business cycle. Some of the panics in the past were more acute than the present one yet the public was not misled into believing that Capitalism was the sole cause. When economists diagnosed the cause of the panics in 1837, 1857, and also the crashes in 1873 and 1893, it was found that the cause lay in the foolish maneuverings of human beings. It was the fault of human nature and not the fault of the system. There was wild speculation, little consideration of the future, no notice taken of danger signals, and consequently, man is suffering internal pains because of his own foolishness.

Capitalism as a system is sound, but the people in

the system must be educated to the point whereby the system can be operated on a higher level of efficiency than it is being conducted at the present moment.

Second Affirmative, H. L. Klein
Denison University

LADIES AND GENTLEMEN: We, of the Affirmative, fully realize the futility of any effort on our part of assuming the stand that the adoption of Socialism by the United States, or the world, would be the Moses to lead us completely out of the wilderness.

Socialism is not perfect, as certainly Capitalism is not perfect. Were we to contend that it was, and that its adoption is the sure and certain panacea to lift an economically sick nation off its death bed in one miraculous cure, we would be guilty of the supreme folly.

We realize, as you in the audience do, that advocacy of Socialism is dangerous. Popular belief has Socialism confused with Communism; and thoroughly understands neither. Our opponents will in all probability hasten to assure you that Socialism has many and patent deficiencies. They can save themselves the vocal trouble because I and my colleagues will forestall their efforts by admitting at the outset that Socialism does have faults, and many of them—some of which are major in significance. However, by the same token, it is similarly obvious that Capitalism has most glaring faults. These faults are either in need of correction, immediately, or are at present beyond correction—

their evils being possible of remedy only by absolution of the system. The evils of Capitalism are inherent.

Were it possible to combine the outstanding assets of both the systems of Capitalism and Socialism into one economic scheme, we would assuredly be better off. The probability of such an affiliation is highly improbable because the proponents of each system are apart in interest, in knowledge and in concern.

It seems, to us of the Affirmative, that this whole case resolves itself into a proposition of adopting one of the two systems: Socialism, or Capitalism. Neither is perfect, neither near the stage of perfection; consequently, it is necessary that the system with the least faults be chosen. We must then permit the world a chance to settle down to an adoption of the new child, Socialism.

Socialism offers in this highly complete existence the best solution for a happier, more secure, estimable existence than any other system known today. When we say that we favor Socialism, it is certainly most remote from our intentions to contend that we desire, or want a community, or a nation, in which absolutely every penny earned is divided equally among all inhabitants regardless of the fact that one person works diligently while bums sit around the corner saloon and smoke and drink and decide what is wrong with the country.

Socialism does not want a life of the "Pollyanna" in which every man shares equally despite the fact that he fails to share equally in the amount of work. Socialism does want a reduction in the differences be-

tween the incomes and resources of the wealthiest and the poorest, because it is perfectly apparent to any intelligent and sympathetic man that such a condition is imperative; but Socialism also wants the man who knows more about his work, and who works harder at his work to receive more money for his knowledge and his efforts.

Intelligent socialists who want Socialism would advocate the following:

1. *A Vigorous Labor Party*—The nation today is in the throes of two parties which have become powerful enough to operate on the strength of organization, not on principle. This new labor party would advocate a lowered tariff, which would be high enough to protect national industries, but low enough to stimulate and interest trade with foreign countries. This party would also ask for an increase in inheritance taxes, for the abolition of the defense of private property and interests abroad by governmental armed force.

2. *A Scaled Wage System*—Although Socialism does not intend to pay every man equally, it does feel that the present system is inadequate and unfair to the security and happiness of the greatest number of people. Under Capitalism there is a difference as great as a thousand times, and even more, between the largest and the smallest incomes. There are some three million men in this country known as the "aristocrats of labor" who make approximately each week the sum of forty dollars. These are unusual; their fellows, who are more the common run, sixteen million in number, average a bit less than twenty-five dollars weekly, and

are expected to raise their families on that. The capitalist on the other hand, comprising one per cent of the income earning body of the country, possesses thirty-three per cent of the income. If this is intelligent and adequate distribution of wealth, socialists are willing to give up their policy and gladly follow in the chains of Capitalism. Socialists will have no greater difference between the highest and the lowest than eight times. Under this system the man better equipped to handle certain phases of work will be paid proportionately higher for the skill he possesses, and also for the arduousness of the task he is asked to perform. The difference is great enough to urge a man on in his work, but also small enough to keep the common laborer within financial reach of the "wealthy" man; and thus eliminate the tremendous disparity between the two classes as existing under the present system.

3. *Public Ownership of Private and Basic Industries*—As explained by Mr. Anderson, under the present formula the operation and ownership of basic industries by private control provides a system too grasping in interest, and too inconsiderate in fabrication for the good of the nation. With government control, more reasonable rates can be provided, better service given, and a more adequate consideration of the people as a nation can be achieved. The government virtually controls the railroads, and waterways, and water power today, since it constantly supervises all three, and grants each its powers and limitations. Accordingly, since this is in effect already government ownership, it should be made completely such, and thus

eliminate the necessity for profit that the individual feels he must have, and does have a perfect right to expect. Profit, profit, profit is the cry of the capitalist.

4. *State Planning Commission*—Although the theories and solutions advanced as reasons for the cause of the current depression reach into the thousands, there is a considerable leaning toward the hypothesis that over-production has been the precipitate that has brought the world into its present economic slump. Socialism has a plan which will combat over-production, and consequently, if intelligently handled, aid a great deal in eliminating possible future depressions.

The creation of a State, or National Planning Commission appointed by the government would be manned by experts who would plan production to meet demand as nearly as it is within human power to do such a thing.

Socialism, as sane socialists understand it, offers these four points as the basis of its claim to consideration. There is nothing that you will find startling or unsound. We, of the Affirmative, would like to try it.

Second Negative, Mortimer C. Dean
Denison University

LADIES AND GENTLEMEN: We of the Negative are to affirm our belief in the economic soundness of the capitalistic system. As the second speaker for the Negative I am going to attempt to show some of the more realistic advantages of the capitalistic system in order

that you may have a clearer idea of its actual functional capacity.

It is easy in these times to put the case against any existing institution. Most of us are in a highly critical mood, because we feel that during the last few years things have happened which ought never to have happened, and that these earth-shaking events were not well met and handled, especially on their economic side. We have passed through the chaotic struggle of a great world conflict. During the contest we have seen the best physically fit men of all countries, the best in courage and devotion, suffering untold hardships, wounds and death, while a certain few have stayed at home and amassed great fortunes. It is no wonder that many impatient minds are driven to the conclusion that every institution which existed at the time when these crimes and absurdities were perpetrated should be cut down, rooted out and cast upon the dust heap.

Is this state of mind a good one in which to set out on the task of mending the breaches that have been made in the walls of the building in which we have lived? Is it wise because our structure has not been weather-proof, to pull it down in disgust and start making a new one to a new plan and on a new system of mechanics which has never been tested and may turn out a home that will not even stand up? The need for amendment is now being admitted by the great majority. The only question to be decided is whether the changes are to be made on lines that have produced a working result; or to be based on imaginative dreams

which tell us how much better everything might be if we worked under a new system, which has only been sketched in hazy outline; about which its advocates have shown much unanimity in disagreeing. One or two socialistic attempts that have resulted in failure can be cited in the case of the Fourier Movement in this country in 1842 which lasted only three years before meeting an inevitable end. Even more pronounced was Lane's experiment in New Australia which resulted in an increased cost of living, decreased production, and increased unemployment. One might also call to mind the present experiment in Russia about which Mr. Bernard Shaw writes so enthusiastically. It is to be noted however that Shaw lives in England and has his books published there by capitalistic concerns which insure him a fair return for his imaginary nonsense. Thus we can readily see upon examination of most socialistic schemes that there is in reality little hope of their achieving a heaven on earth.

Of course there is always the possibility, and in an age which has witnessed so many types of phenomena, who knows but what our worthy opponents may have in their plans, as proposed in this debate, a scheme which will be heralded the socialistic reality that we have all been awaiting. But we of the Negative realizing the human limitations of most college students do not consider that their plans will achieve any more perfection than is now present under Capitalism. Let us now diagnose some of the more obvious advantages of the Capitalism which we believe to be fundamentally sound.

In discussing these advantages we want to confine ourselves to what has been achieved and not to what might have been attained under any other system. First and foremost, we must recognize the accumulation of wealth irrespective of where it is and in whose hands it is, because it is an undeniable fact that certain advantages have accrued to the worker, because of this accumulated capital. Take as example the railways system of this country with its twenty billions of capital, which would have been impossible in any other preceding order of society, and consider its benefits to the laborer in transportation facilities alone; take the accumulation of wealth as typified in our large city Public Libraries, in our Natural Museums of History and Art and in all other things which make for the pleasure and convenience of life. None of these things would have been possible without the accumulation of necessary capital.

Capitalism has made the enjoyment of life possible to millions. It has produced millions of active, busy men and women, spread them over the world, reclaimed its waste places and increased production. All this has to be considered before we throw it down and put an untried system in its place. It is true that there are existing conditions of which we should be ashamed. But the gift of life is something, and social reformers are rather apt to forget, in their eagerness to put right the evils which beset the destitute among us, that the greater part of our population leads and has led lives, which though far from being ideal from an economic or any other point of view, have taken them through

the world in a state of fair contentment, and with a reasonable and growing share in the gifts which science has placed at man's disposal.

Many argue that Capitalism has exploited Science and Invention for its own profit without very much creative effort on its own part; that science is responsible for our present status of society. This may be so, but, on the other hand, science could never have wrought its miracles if there had not been a vast store of accumulated wealth to apply to the development of its discoveries. It is doubtful whether a Collectivist state would have made use of the services of science with the readiness, adaptability and courage in taking risks, that have been shown by the organizers of industry spurred by the incentive of profit making. The material achievements under Capitalism have been enormous and the future is still most promising.

As one writer states it, "The world has been covered with a network of railways, and continents have been linked together by steamships of enormous power. Factories have been improved and developed with incredible speed. Telegraphs and telephones have made the world into one great listening gallery. The American workman today has his life embellished and made comfortable by the products of all the climates of the world, from tea to tobacco, with a freedom which would have been envied by many a medieval monarch. If there are terrible inequalities in the distribution of this wealth, it is possible to climb from the lowest rung of the ladder to the highest. Talent backed by individual enterprise seems likely to have a better chance under

Capitalism than under bureaucratic red-tape or Guild Monopoly."

We have seen great improvements in education and sanitation, the lengthening of human life, the total extinction of the plagues which used to scourge Europe periodically and a distinct general improvement of health of all classes. It may be true that Capitalism has done little in a direct way toward these improvements, but it is certain that the store of wealth which was necessary to carry them out has been called into being by the working of Capitalism with the incentive of profit before it.

Capitalism must please the consumer in order to prosper, and the consumer is the mass of humanity. From this point of view its achievements are significant compared with diplomacy which drenched the world in blood, or of churches who have used God's Word to sanction bloody persecutions. Capitalism though being accused the father of militarism has incidentally been working for peace. It is true that Capitalism so far has provided most of the military equipment but only at the request of humanity. If humanity will only ask for something more sensible, Capitalism will oblige with equal readiness and success. Capitalism knows that though it may seem to make big profits out of destruction it will pay heavily for them before the account is closed, and that it can only earn a good living out of prosperity and peace and progress.

Capitalism is largely responsible for democracy. The industrial revolution marks the beginning of our present democracy. As a result of this system every

worker is able to enjoy the benefits of government and has a voice in influencing even to a small extent the management of the affairs of State under which he lives.

Another achievement that might be mentioned is the liberty movement. The serf in the middle ages was bound to the soil and it is only since Capitalism has developed that we have the modern liberty of movement, carrying along with it the liberty of production as well as the liberty of consumption. This idea of liberty and individuality is a point which Socialism must o'er leap or else condemn itself to doom. The Soviets forget the fundamental principle in all life: that of giving the individual a chance to express himself. So long as they forget this principle Russia is bound to be a lower state. Not allowing freedom to the individual means spiritual prostitution. No man under such a régime can call his soul his own; and any nation that lives by it cannot in the long run achieve human or economic prosperity.

We, of the Negative, believe that it is possible to work out an adjustment between the forces of individualism and Socialism. Social contact will be carried to that point where it will not interfere with the economic freedom of the individual or with his personal initiative. There would be more socialized production and more equitable taxation. The ideal as close to the millenium as we can hope to get is a system where every man has an equal opportunity, in which the burdens are borne by those who can afford to do so.

Dean Inge, of St. Pauls, London, says, "As for the

notion of abolishing private gain, I will make only one obvious statement. If you destroy the chief motives that induce men to work hard, namely the desire to improve their own position, and still more to give their children a good start in the world, a few people will work as well as they do now, the majority will work badly and a considerable number will refuse to work at all unless someone stands over them with a whip. The output of commodities would beyond question be enormously reduced; and the country would be very poor. In desperation we would adopt the whip or its equivalent." As Herbert Spencer says, "Socialism would mean slavery, and it would not be a mild type of slavery. Our social arrangements today are better for the poorer classes than they have ever been before and they are in the way to become better still."

States Newton D. Baker, "Russia is only planning to catch up and there will have to be severe modifications when they do catch up. Political institutions cannot be widely subjected to sudden and revolutionary changes. We cannot tear ourselves loose from our history and adopt unfamiliar and exotic political arrangements to facilitate our economic development. For our economic process has gone on continually in our own country and in every other country with a modern civilization. Our own Capitalistic system obviously needs modification. But to fly from what we have to a system which so far has resulted in mere hope of an ultimate gain, [such as that now proposed by our opponent, Mr. Klein], by drastic subjection of the people

to a system of compulsory and uncompensated servitude, invites social instability from another cause."

We, of the Negative, like the men I have quoted, do not infer the Capitalistic system to be a social Utopia. We are not quite so foolish as to believe that any social system will ever be *perfect*. But we do want to point out here that many of the inherent evils which the Socialist claims for Capitalism cannot be better eradicated by Socialistic skill than they can be by constructive Capitalistic manipulation. Capitalism is just as capable of planning and of correcting its own faults as is any untried scheme of Socialism.

If government at the present time is claimed to be inefficient would the Socialist working in the same environment and with the same people be any more able to keep governmental harmony and stability? The complexity of and centralization of our great industries is in itself a handicap to any new system of Socialism. How would the Socialist go about to construct a fair and equal wage scale? This has puzzled men for centuries and we doubt whether the Socialist today will solve the mystery. Who is going to do all the disagreeable tasks that need to be done in any society if everyone is to be placed on an equal basis? What will the Socialist substitute for the lure of great wealth and power? How will he eliminate graft? For these and many other questions he doesn't seem to have found an adequate solution.

Therefore we, of the Negative, affirm our belief in the economic soundness, fundamentally speaking, of the Capitalist society; first, because it has given us a

higher standard of life than ever before experienced by the average man. Capitalism is essentially democratic. State Socialism would hand us over to the regulation of the impervious and elusive bureaucrat. Guild Socialism would leave the consumer to the tender mercies of producing Guilds. Capitalism puts the real power in the hands of the average consumer, and so suffers from and rejoices in all the weaknesses and force, all the hopefulness and despair, that are associated with democracy. If democracy succeeds in producing a race of men fit to run it, then its victory will cure the worst evils of Capitalism. Capitalism can plan and correct its own faults. Unemployment can be corrected through some form of social insurance which is not a dole. Mal-distribution and mal-production can be remedied under Capitalism through national planning boards as well as it can under Socialism. Ruthless competition is being greatly modified by education and public opinion voiced in law. It would be folly to destroy all competition as this has given us low prices, variety of products, and insured efficient service in all fields of production. The Bell telephone system helps us to realize the advantages that competition has brought to the door of everyone. Advertising in many cases takes unfair advantages of the public, but here education and enlightened public opinion is all that is necessary. In broadcasting necessary information in regard to the accessories of life it is undoubtedly a boon to the common man. Yet the Socialist takes a biased and short-sighted look and condemns competition as unfair.

The next speaker will attempt to point out some of the more obvious evils of Socialistic schemes hoping to show you that the so-called inherent evils of Capitalism are also inherent in Socialism, and will not be eliminated very much quicker by the imaginative Socialist.

The dangers of competition are a patent fact. The Socialist error lies not in any misstatement of the case but the failure to recognize the counteracting forces at work. In many cases the self-interest of one group tends to offset the injurious tendencies of another group. Where this fails the power of the State usually holds the balance fair.

In conclusion, I again affirm the belief of the Negative in the fundamental economic soundness of the present order and fail to see where the Affirmative have proved or will be able to prove that Socialism ought to be substituted for Capitalism.

Third Affirmative, Richard R. Kruse
Denison University

LADIES AND GENTLEMEN: So far we, of the Affirmative, have contented ourselves with picturing the evils of Capitalism and have suggested Socialism as the only alternative. Obviously, we do not contend that any plan we suggest would have the effect of completely remedying all of the evils of Capitalism. No system is infallible. We freely grant that our plan, which has been subject to much criticism by the Negative, is only an attempt at the solution of the economic chaos and distress under which we are existing. But at the very

least, we take cognizance of the profound exigencies of the world suffering, and make an honest and, we believe, an intelligent approach at the solution of the situation.

With eight million unemployed in the United States and perhaps three times as many in the entire domain of mechanical civilization; with industry functioning at thirty per cent or more below normal here, and still more rheumatically in Europe, the times call, if they do not shriek, for economic therapy. Replies have ranged all the way from the complacent optimism of the proponents of the capitalistic system to plans suggested by socialists and revolution advocated by some fiery partisans of the communistically-inclined. Our opponents necessarily are optimistic. But admitting the seriousness of the situation, their program would simply depend upon the volition of capitalists to restrict their production, regularize their employment, and so on—things which capitalists never have done and never will do. We cannot depend upon the initiative of the exploiting class to remedy defects in itself. As well expect Al Capone to turn philanthropist or Mussolini, pacifist.

Realizing that the selfishness and greed of Capitalism as a whole preclude any perceptible improvement in the system, what may we expect of it in the future? And what, if any, are the signs of an incipient Socialism? These are questions which, straying somewhat from the theme of our debate, nevertheless, have a preëminent place in our consideration of the subject.

Much has been said about the danger of monopoly.

What would Roosevelt, the arch trust-breaker of them all, say to the gigantic trusts which now dominate our industrial system? The first speaker for the Affirmative gave figures to show that in the basic industries such as coal, iron, oil, et cetera a few companies completely own our natural resources and exercise a virtual monopoly in their distribution. Thus we have huge corporations in their realm as absolute in their power as any feudal state. Prices are fixed, exorbitant profits realized, and the workers and the public are exploited. These corporations do not hesitate to use corrupt methods in securing political favors. The tariff, much decried at the moment, smells of special privilege; of political bargaining, by which certain industries assured themselves of protection.

We can only view the rising power of monopolies with alarm. Their political strength enables them to avoid punishment and secure protection. Economists freely admit that the tendency is not towards decentralization of industry but towards greater and farther-reaching monopoly. Witness the growth of chain stores of every description in recent years; the amalgamation of steel and coal companies; huge power trusts; the increasing power of public utility groups. *Capitalism resorts to anything and everything to attain its ends.* A few years ago the Federal Trade Commission discovered that public utility groups had subsidized college professors; that is, paid them to write favorably in their texts on individual operation of public utilities as opposed to municipal control. Corporations are not even honest with their own stockholders. During an

investigation of the St. Louis and San Francisco railroad finances a few years ago when the company went into a receivership, it was revealed that a syndicate which included the names of many directors and officers of the Frisco had sold a subsidiary road to it at a profit of \$3,000,000 or seventy-five per cent on their investment. Even the chairman of the board of directors was implicated. During investigations and suits concerning the Goodyear Rubber Company, a few years back, it was alleged and partially proved that some \$15,000,000 had been milked out of the corporation by "high financiers" with at least the silent understanding of the officers of the company. Here we have fine illustrations of how our capitalists live up to their trusts. Their greed and avarice leads them to betray even the stockholders and workers of their companies. And yet our opponents would have you believe them to be a self-righteous class eager to make any improvements to relieve the present crisis. As well expect mercy from the Spanish Inquisition or roses from the desert. And in the future we may expect duplication of these instances.

The day of the small entrepreneur is past. No longer can the ambitious young inventor start on a shoe-string and make a million. Why? Because huge corporations crowd him out; influence banks which they control to deny him capital; institute patent suits which the individual is unable to fight. As Norman Thomas suggests, "Few things are more ironical to contemplate than the spectacle of the average American man or woman singing, 'My Country 'tis of Thee,

Sweet Land of Liberty.' The freedom of the masses is a myth. The average man works for a large corporation which may hire or fire at their pleasure. He must render homage as surely as to any king. His very existence hangs in balance." Statistics which our first speaker presented show how far below a decent living standard our workers are compelled to exist simply by virtue of exploitation of the capitalist.

Banks can refuse accommodations to rising young businessmen who play with *radical ideas*. Any protest against the ruling class is quickly suppressed. There are many methods and Capitalism has the upper hand. Though tremendously out-voted in this fine democracy of ours, Capitalism, by means of coercion, corruption, and intimidation retains control not alone of our wealth, but of our government. Poetic justice indeed! Actually in America our rights have been whittled away not only by the cajolery and intimidation practiced by the masters of our economic life but by "legislation," administrative action and judicial processes. Our "bill of rights" is no more than a scrap of paper. Even Charles Beard comments, on the "decline in our ancient ideals of liberty."

Not merely civil liberty is denied but ordinary justice. There is in America one justice for the rich and another for the poor; one for the white and another for the colored, one for the employer and another for the worker—especially during strikes. Injunctions have denied to workers the right to carry on every act necessary to the peaceful conduct of a strike. Recently in the coal crisis in Harlan County, Kentucky, where

the courts coöperated with the coal companies to suppress rebellion, deputy sheriffs who actually shot down some of the strikers were paid by the coal companies. A member of the Dreiser committee told that in a mining town of three hundred homes, only one was waterproof; that the miners were obliged to purchase food from the company store at an exorbitant rate; that milk was an unknown luxury. Such are the ministrations of Capitalism. An extreme but not untypical instance of justice for the worker is the Mooney and Billings case. Convicted of murder in connection with the Preparedness Day bomb outrage in San Francisco in 1916, Judge Griffiths, who sentenced Mooney, ever since he discovered the flagrant perjury in the case, has been a leading advocate of Mooney's unconditional pardon. A tragic miscarriage of justice. Yet fifteen years later they are still in jail. Why? Need I explain?

No, the future is indeed black. Our expectation of increasing monopoly means inevitably renewed subversion of the government and the courts to Capitalism. It means the continued advance of trusts and combines enslaving the workers still further and making them minions of huge industrial states subject to the whims and caprices of our benevolent "masters."

But what of Socialism? What hope are we able to glean from the trend of the times? Obviously, so long as Capitalism is in the driver's seat, and the mass of workers apathetic about their rights, little can be accomplished. But many of our leading men, economists, and men of affairs are urging plans for the reform of

our competitive system—tending, of course, towards Socialism.

Our opponents have told you that no socialistic plan has ever worked. They have deprecated the possibility of Socialism's succeeding where Capitalism has failed. Perhaps, the most important part of our Socialism is our demand for federal control of production through a national planning board which coördinates state and local units. Some of you will remember the War Industries Board which contributed so much to our successful entrance into the World War. Stuart Chase has described its work thus: "A wilderness roaring with contrary orders. It is safe to say that many of the orders would be yet unfilled, and hardly an armed soldier would have arrived in France, had it not been for the War Industries Board. It stopped the whole pandemonium with clearance orders. Then it started an orderly process moving with priority orders. It found out from the army, the navy, the Allies what their requirements were; it inventoried industry to determine how far those requirements could be met. It transformed specific industries to help meet them; it silenced non-essential production; crippled the luxury trades; made secret processes common property if they stimulated output anywhere, and set up a regional form of industrial planning to prevent one section from becoming over-congested or over-prosperous. It made enormous technical improvements in output through simplification and standardization (the 'cant's' of business were found to be largely 'had-not-been-tries'), it re-located skilled and unskilled labor; and forecast, if

you please, the exact day of the Armistice by virtue of its study of raw material absorption in Germany.

"What the War Industries Board really did was to allow one-third of the productive man power of the country to be lifted from the map and turned into soldiers and munitions makers; to stimulate millions of tons of new sorts of materials for their equipment and for the annihilation of the Germans, and to keep the domestic population fully and purposefully employed at a higher standard of living than it had ever before enjoyed. In brief, it so organized the nation that two men did the work of three, and did it better. This is the kind of thing a master plan can do if it has a chance to function.

"Business surrendered to the War Industries Board primarily on the plea and psychology of patriotism. The flags were flying, the drums beating, and a band was playing 'Over There.' Today no flags fly and no bands play, *but eight million workless men upon the streets are a greater menace than were the Germans in Lorraine.*"

Why not a "Peace Industries Board?" We need it. It would be charged with the responsibility of originating a master plan to guide the economic life of America. It would coördinate the forces of production, distribution and consumption.

We can do it! We must not sit idly by and placidly allow this Frankenstein to continue its ravages upon human life and health. We have within ourselves the means of correction.

Two basic things must be accomplished—First, the

national income must be more equitably divided so that purchasing power may be maintained. Second, there must be public ownership of the basic industries. This is the essence of our program of intelligent Socialism.

Now what do you as a citizen think about it? Are you complacent about the future under Capitalism when the keenest minds among our economists are greatly harassed? Do you wish a continuance of this unregulated competitive system with its exorbitant profits, its over-production, its recurrent depressions, its millions of unemployed? The answer is found in the words of that great American philosopher, John Dewey, "We are in for some kind of Socialism, call it by whatever name we please, and no matter what it will be called when it is realized."

Third Negative, Sherwood Blasdel
Denison University

LADIES AND GENTLEMEN: If our opponents flouted the laws of gravitation as they do the economic laws, their efforts would have at least some value as it would be amusing to watch them walk up the walls and across the ceiling or gesticulate while suspended in mid air. They are part of the small minority which has painted the blackest pictures and wailed of the yawning depths of Hades during every depression we have ever had, but whose numerous plans for recovery have been consistently relegated to the waste basket, not to be heard of again until another depression revives the socialists and their panaceas.

The fundamental reason why the plans such as presented by our opponents have always been unsound is that they interfere with the *law of supply and demand*, which is as old as mankind and works whether we have Capitalism, Socialism, manorialism, or what not. When under-production occurs or demand increases, the price of the commodity increases, and when over-production occurs or demand decreases, the price decreases. The equilibrium between supply and demand is automatically maintained, provided the law is not interfered with, in this way: When the price of certain goods goes up, its increase being caused by less supply or more demand, it gives more profit to those engaged in producing those goods, thereby attracting more producers, or capital and labor, to that particular industry. This increases production or supply until it more nearly approaches demand, causing the price to fall back to normal. However, any interference with operation of this law causes a maladjustment, and socialistic plans are a good example of such. If the government yields to popular opinion and extends aid to, for example, the farmers with the purpose of stabilization of agriculture and pegs the price of wheat at seventy-five cents, arguing that it is unfair to expect the farmers to produce for less than that, they are placing an unnatural premium on the production of wheat, because, if and when wheat growing increases—and it would because a fair return is guaranteed—the price would not decline as it naturally would in ordinary cases of increased supply. Thus, since the familiar and dependable restraint of lowered prices is estopped from curtailing

production in its usual way, more and more wheat would be grown until there was a tremendous and irremediable over-supply of wheat in the world. The longer such aid is maintained the more serious the situation becomes until the only way out is a chaotic readjustment. The old economic law works at its best efficiently in a field of competitive and free enterprise, and at any attempt to harness it by legislation you can expect a violent reaction, such as this depression. Our own Farm Board illustrates my case, and Britain's attempt to control rubber production and Brazil's Coffee Valorization plan produced identically the same results.

Our opponents will probably reply that their plan is not within the category I have mentioned, for the government would have complete control over the means of production in the major industries and could thereby prevent the chaos I have just described since it could strike at the very source of the evil of over-production. My colleague showed one reason why a government couldn't rationalize production, since the wants of the consumers couldn't be gauged ahead of time unless we became communistic as Russia is, and I will show you the fallacy of even attempting collective ownership.

Their plan involves choosing the key industries of the country for stabilization. Now suppose that one of the plans similar to our opponents were actually adopted during the depression of 1873, and a huge efficient organization embodying all of the technical knowledge available at that time were created to control all the major industries of the country, so that

over-production and wasteful competition would be eliminated, guaranteeing, incidentally, a fair return to the producers. They would have proceeded to stabilize the coal industry, the iron industry, the buggy industry, the canal shipping and construction companies, and the oats and hay raising farmers. The results would have been obvious and enlightening. Coal has and is being largely replaced by gas and fuel oils; iron has resigned its place to steel; buggies to automobiles; canals have passed out of the picture; and oats and hay to gasoline, since hay would probably be as hard on a carburetor as gasoline would be on a horse.

Take an example in Russia. When she has completed her Five Year Plan after going to unlimited but justified expense to install the most efficient machinery available and instructed her men to operate it under their vast organized scheme, she will find that invention and efficient methods are more advanced in 1933 than they were in 1928—her factories will be obsolete. Each of her two alternatives is equally undesirable. Either she can undergo a complete reorganization; that is, promote another five-year-plan to catch up again, or else she must continue to use 1928 methods to compete with a 1950 or 1960 world, which is absurd.

Our opposition will undoubtedly say that improvements could be made in each factory as worn out machines were replaced; but would they be made? No. With competitive and free enterprise replaced by governmental paternalism improvements would be lacking, because a government official would not shoulder the onus of technological unemployment which

necessarily accompanies installation of labor-saving devices. This is best illustrated in England where rising manufacturing costs due to decreased efficiency have occurred because the Labor Party, similar to the one advocated by Mr. Klein, has discouraged the jettison of obsolete methods and machinery.

I have shown you what would happen if we should abolish Capitalism and stabilize our major industries; either complete periodical readjustment in order to continue our progress, which would be prohibitive on account of the cost, would be necessary, or else we would have to continue using the same methods with the same machinery and organization and pass into decadence. No wonder Henry Ford remarked that the only things that stabilization would stabilize are our present conditions!

Thus far, I have shown you how the plan of the affirmative is fundamentally unsound as regards the economic law and life under which we live. But there is a physical limitation to a collectivistic system which our opponents have blandly overlooked. They have tried to borrow the mass production idea, which Capitalism developed, without taking cognizance of its limitations.

When a man wants to put his plant on a mass production basis, he doesn't just do it arbitrarily. He must consider two factors: Is his business one of increasing or decreasing costs? Is the market for his special product elastic? That is, does the cost per unit become high or lower with increased output, and if so,

is the lowered price reflected in the market with a large increase of consumption? Only after he answers these questions does he know whether to go ahead and organize on a large scale or not—it all depends upon the special characteristics of his particular business. Chevrolets lend themselves well to mass production, but that is no sign that Rolls Royces or airplanes will. It would be idiotic to even attempt to force the production of the latter two along the same lines as the former.

Each industry works under the law of diminishing returns, the point or degree of organization at which the greatest profit is made being called the optimum point. Obviously, this point varies, not only between industries, but between plants in the same industry because of the large number of factors entering into the determination of it; it also varies in any one plant from time to time as conditions change. And yet, the socialists would force our vast individualistic industries into a single mold which would probably be of the degree of organization at which at least half of them would be the least efficiently adapted.

First Negative Rebuttal, Arthur Mental
Denison University

LADIES AND GENTLEMEN: The capitalistic system has been accused of permitting the great evil, unequal distribution of wealth, to exist. We of the Negative maintain that unequal distribution of wealth is desir-

able on the principle that the man who works hard and saves part of his income is entitled to more than the man who spends his entire income.

One thousand thirty-five dollars is the minimum wage for health and decency, Mr. Anderson has stated. Furthermore, 3,000,000 skilled laborers earn only forty-two dollars a week, and 16,000,000 farmers only twenty-five dollars a week. However, multiply forty-two dollars by fifty working weeks in a year and you get two thousand one hundred dollars, or in a similar way, you find the farmer earns one thousand two hundred fifty dollars excepting all the food he produces for his own immediate use. The minimum standard wage is one thousand thirty-five dollars—and these men earn less than a decent living wage, my opponent has said. This is the logical reasoning of the socialist.

It is not necessary to change our entire economic system because there exists unequal distribution of wealth. Capitalism is eliminating this evil by higher income and inheritance taxes which tend to reduce inequality of wealth. How foolish it is to plunge us into an economic chaos for a fault that is rapidly being eliminated.

In 1900, the industrial system provided the individual with one pair of shoes throughout the year, but capitalists increased production so that the individual wears four pairs of shoes a year. The present-day shoes give better service than those in 1900; they cost approximately the same as the one pair did, and the manufacturer realizes practically the same profit from the four pairs as he did from the single pair. It is by

increasing supply to meet demand that the United States has obtained its great leadership of world industry today. Under a system of Socialism, we would still be a backward nation as far as dominance in industry is concerned.

Advertising is necessary to acquaint the public with articles ready for sale. Without extensive advertising, the public would be forced to buy blindly without knowledge of competing commodities that may be of superior quality or may be offered at lower prices.

We recognize the fact that competition between public utility companies, railroads, and traction concerns would be a duplication of effort resulting in great waste. But competition is desirable between businesses producing the same commodity because the article will be offered at a reasonable price by the manufacturer who fears his competitor's price.

Mr. Anderson criticized the capitalistic method of rewarding the individual. However, he has only two other methods whereby the worker can be rewarded. First, the method of equal pay, and second, according to the social value of the work performed.

Socialists are beginning to realize the hopelessness of rewarding equally, consequently, they cling tenaciously to the scale method. But how can they determine exactly the social value of the work performed by a Charley Chaplin to that of an Evangeline Booth in the slums of a city. It is impossible to do so. And who would do the determining of the scale? A board of politicians who would have great opportunities for graft and bribery?

In conclusion, the socialist loudly denounces Capitalism yet the very evils he has condemned would be inherent in his own system because he has found no solution for any one of the defects. He criticizes but he has nothing better to put in Capitalism's place. Capitalism is not wasting time denouncing evils, but it is utilizing its energy toward remedying these defects as they now exist in our present economic system.

First Affirmative Rebuttal, S. A. Anderson
Denison University

LADIES AND GENTLEMEN: The first speaker of the opposition spent his entire time telling us what a menace Socialism is to the peace and prosperity of the world. Let me remind you, Gentlemen, that we are not discussing the relative merits of Socialism and Capitalism. We are debating whether or not Capitalism is unsound and since we believe it is unsound we merely suggest that a plan of Socialism be instituted. If Socialism is not the system of government then bring in some other plan; the point is that Capitalism as our system of economic organization has outgrown its usefulness and has become the root of nearly all evil existing in our world today.

The proponents of Capitalism, thus far in our discussion, have not challenged the existent evils of Capitalism which I brought out in my constructive argument. Since they do not challenge them they must agree with me that Capitalism has brought this dreadful depression upon us: a thing which is more harmful

than the worst of plagues, a thing which works like a giant leech upon our people. If for no other reason than this, should we not rid ourselves of this menace? As a result of the depression, responsible to Capitalism, we have a vast army of unemployed. Shall we continue to have long bread lines, hungry children, mothers sacrificing their lives in order that starving babies may receive nourishment and as many little comforts as possible. Should we not remedy this situation in some way? And since the best way to eliminate a thing entirely is to strike at its root, and since both those in favor and those approved of Capitalism agree that depressions are directly responsible to the system of economic organization in force, for their existence, should we not do away with Capitalism?

As yet our opponents have suggested no way to bring about a more equal distribution of wealth. They would continue to allow a great percentage of the people to be forced to live in the unhealthful, indecent conditions as shown by the Chicago Board in 1930. They would continue to allow one one-hundredth of one per cent of the total population to control forty-six per cent of the wealth. Our government was founded on the principle of equality but look how it has degenerated and wavered from that principle of equality. No longer is it "the land of the free and the home of the brave!" It has become the land of the rich and the home of the Morgans, Mellons, Rockefellers. Capitalism has gotten a stranglehold even upon our people, our government, and upon the interpretation of the Constitution itself. But Capitalism within itself

has carried the germs of its own decay. It has placed wealth above life. It has in a sense placed man above God. Let us ruin Capitalism before Capitalism ruins us.

By definition, Capitalism means, a system that favors the concentration of wealth in the hands of a few, giving that few the power and influence of concentrated capital. I'm sure the proponents of Capitalism will not question this definition for it was taken from Mr. Webster's Dictionary—the one accepted authority on the meaning of words.

Second Negative Rebuttal, Mortimer C. Dean
Denison University

LADIES AND GENTLEMEN: Let us now examine carefully the three proposals upon which Mr. Klein, in speaking for the Affirmative, based his hope for the future. First, we have mentioned the construction of a vigorous Labor party. It is only very recently that most of you have heard of or read about the *destruction* of a very vigorous Labor party in England. Why did such a scheme fail and did it prove to be completely and efficiently Socialistic? What happened to the finances of England? What happened to employment? Most of what did happen was certainly vigorous, but like most schemes with a surfeit of Socialism it was vigorous in the wrong direction. Socialistic leadership taking the interests of the working classes to heart had quite a struggle to champion the rights of England's workers. Taxes increased; unemployment in-

creased; the dole wouldn't function; industry was unable to compete with the lower price scales of foreign competitors who were not afflicted by a filching and expensive Labor Party. Then as a sort of a climax, the industrial leaders and the workers together requested the Laborites to get out. Of course, the members of the Affirmative may have a different type of vim, vigor, and vitality to instill into their proposed Labor Party and we, of the Negative, hope so, because we feel that they will need it if they are to make their organization function in the same sort of an environment that the recent English experiment had to deal with.

Mr. Klein then proceeds generally and vaguely to suggest a wage scale capable of operating in his neatly planned Utopia. There only seems to be one obvious fault, and incidentally this is vigorous enough to make me believe that it might not work with human beings. It is simply this. The fellows who run the government or, rather, the board of directors, are going to receive about eight times less than the janitor who cleans up the cigar butts after the board meets to settle the affairs of state. Then, too, how is the social value of the work done to be rated? Who is going to do the rating and will he be better paid for making the selection, and will those selected be satisfied with the opinion of a few men in regard to the social value of the work done? Will there be any opportunity for graft and inefficiency? Where is the money or capital going to come from, and what is going to happen when money doesn't appear quite as rapidly as needed? How will

the United States compete with nations controlled by individual capital that can afford to take risks? You see one difficulty only leads into another and it wouldn't be long before an exit would be created somewhere for such a scheme to escape.

The third proposal is that of public ownership. We already have considerable public control operating through government supervision. Why overthrow the whole status quo in order to name the idea Socialistic and install some new men to run it? We can have a degree of sane public ownership under capitalistic control as well as under socialistic control. This point needs no further comment, except that providing there is control by the public, can the public be insured against individual ownership and gain? Perhaps the Affirmative can answer that.

The Affirmative keeps emphasizing the fact that we have over-production in the face of extreme poverty. We, of the Negative, feel that it is not so much over-production as it is under-consumption. We need to create new markets and this can best be achieved through individual capital capable of taking risks which will not endanger the whole economic structure. Bureaucracies cannot take these risks. Progress under bureaucracies is much too slow and in most cases there is a complete standstill.

In these proposals Mr. Klein has not eliminated graft, inequality, poor leadership, foreign competition, individual desire for gain, and, in short, he still has most of the inherent evils which he claims to be in Capitalism only.

Therefore, I again affirm the Capitalistic system sound enough to operate successfully in the future; efficient enough to correct its own evils; and progressive enough to advance far beyond the most imaginative dream of a Socialistic Utopia.

Second Affirmative Rebuttal, H. L. Klein
Denison University

LADIES AND GENTLEMEN: The opposition contends that Socialism is for radicals. They contend that Capitalism has endured for centuries, and because of the time factor should be allowed to continue to endure. Such an argument is naïve. We have always had depressions and will continue to have as long as the present system endures.

The opposition has stated that Socialism offers nothing definite to forestall depressions—that the whole theory is merely a high-flying hypothesis with little more than high sounding words to back its supporters. When anything offers as sound a remedy for the economic situation as a *state planning commission* that remedy is certainly composed of ideas greater than admirable syntax. Under the socialists' planning commission, the products realized from the soils of this nation will be utilized to meet the demand. In time, no more will be produced than will be necessary, and under the supervision of the commission, waste, price fluctuation, and consequent gambling should be on the way to elimination. This commission will not only plan the amount of goods to be distributed, but will

consider at the same time, the necessary factors that are involved in distribution.

When the opposition contends that Capitalism will work itself out of the present mess just as it has in the past, it is stating the truth. But the blinding fact, still exists: they do not know when Capitalism is going to extricate itself. In the meantime bread-lines will increase, and jobs will decrease, until, finally, after much suffering the wheel will start turning slowly around again. Once more the high-flung jabs of prosperity will make everyone dizzy until the circle is completed into the depression again.

Socialists do not want this constant up and down existence. A steady, if indeed, a trifle smaller diet in time of prosperity, is far more commendable than caviar once a year, and bread and water the other three hundred sixty-four days.

Third Negative Rebuttal, Sherwood Blasdel Denison University

LADIES AND GENTLEMEN: Mr. Kruse attempted to show in his argument that since the War Industries Board pulled us through the war, a similar government control would pull us through in peace time.

The War Industries Board was created for one purpose, and it served to that end: It pulled us through the war. But looking at it from an economic and peace time standpoint it is as unsound as the socialistic plans I referred to in my first speech. Let's see what happened when this Board was inaugurated. Business

was on the tremendous upswing of the business cycle. Demands for higher wages, in order to deal with the higher cost of living could be conceded because employers were guaranteed a fixed return on their capital by the Board, and the demand was urgent and great. Plants were geared for a vast amount of production, much of which was uneconomical. It is analogous to working at top speed on one's nerves before the inevitable breakdown occurs. But before the post-war depression came the government had withdrawn from the field to let business reap what had been sown during the dangerous inflation. The War Industries Board merely rode to the top of the wave and stepped off before it broke.

Its success in winning the war in no way alters its economic value. In fact it is best that it did step out when it did because the necessary readjustment would have merely been postponed and accentuated had the board directed industries any longer than was necessary to win the war. A comparison of United States with Japan in the post-war period illustrates that government control won't bridge over a depression. The Japanese war industries board remained in control a couple of years longer than necessary in a vain effort to stand off the impending breakdown, but it finally failed and the ensuing conditions were much worse than ours, where we let the old economic law back to its freedom as soon as possible.

Mr. Kruse's reference to the rising standard of living in connection with the War Board is misleading. He

forgot to mention the pain experienced after the crazy inflation reached its limit.

Similarly, his indictments against certain capitalists for corruption do not prove anything. He overlooked the multiplicity of opportunities for graft in the governmental system he recommends, as evidenced by the amount of graft in our present government. I don't need to recite figures.

I think the Negative's stand is clear. The law of supply and demand is fundamental and has always existed and always will no matter what form of economic organization we have, whether it be socialistic, feudal, mercantilistic, capitalistic, or what not. Every system has to take it into account in its organization, and the system that most conforms to its operation or that hampers it the least is the most successful. History has shown that of all previous systems our present one is the best, and I think that you can see that it is better than Socialism, that is, if you intend to continue the progress that Capitalism has afforded. To prove that Capitalism is unsound, a system better in operation, not theory, with which to compare it must be described, and the Affirmative has failed to do this.

Third Affirmative Rebuttal, Richard Kruse Denison University

LADIES AND GENTLEMEN: The Negative has played a rather futile part in our debate shuttling back and forth from the support of Capitalism to the criticism

of Socialism, and proving nothing definitely on either score.

Mr. Blasdel, last speaker for the Negative, attacked the Peace Industries Board proposal which we suggested. His criticism is that the War Industries Board abandoned industry at a crucial time and let it take the terrific post-war slump. Naturally, the National Planning Board in time of war can not stimulate new industries; check the production of the old; and divert the whole production of the nation into war preparedness without running into a slump when that war is over. A war is a tremendous emergency which necessarily unbalances industry. But a Peace Industries Board could and would have no less an authority than Stuart Chase urging that we use the machinery evoked by the war, realizing that it is not one hundred per cent perfect but above all that it will effect a tremendous permanent improvement, the integration of industry.

Mr. Blasdel also whittled away his time with a detailed study of supply and demand which he said was so simple that any child could understand it. Certainly a thing so obvious should have been precluded from discussion. But we do not think to contravene this law. It will function assuredly under Socialism but not as wastefully and indiscriminately as before. There is no point to Mr. Blasdel's talk.

The Negative has been unable to show that Capitalism as a system is sound. And that was their responsibility if they were to win this debate. Their argument on this point has been totally inadequate.

They have not suggested any means of remedying the evils inherent in the capitalistic system. They depend upon the capitalists themselves to better conditions individually. We have shown that there is no serious attempt in process to make machinery systematically lighten toil but only to make it increase profits.

We have shown the terrific inequitable division of our national income pointing to millions of our workers compelled to live under the minimum standards of decent living.

We have suggested the untold suffering, the agony caused by our eight million unemployed walking the streets. And we have had the temerity to insist that something should be done about it quickly.

As Mr. Blasdel pointed out, Capitalism thus far has been the best economic system judging as well as we can. But economics are constantly changing and evolving. When one system no longer satisfies our needs and demands, we should turn to another.

We have suggested a plan of intelligent Socialism embodying five parts: 1. Public ownership of land with title vested in nation, state or city. 2. Public ownership of all basic industries and natural resources under like conditions. 3. A vigorous labor party. 4. State Peace Industries Board. 5. Stabilized price levels through control of credit and money.

The Negative by their passive, do-nothing stand have indicated a complete willingness to perpetuate present conditions. You, Ladies and Gentlemen, can see that conditions cry for change and readjustment.

This is no time for indecision and vacillation. No

longer can any true American sit idly by and view indifferently the spectacle of increasing unemployment, dangerous monopoly, over-production, excessive profits, and the glaring unequal distribution of wealth. This is the time for *action*! The exploitation of the masses must cease!

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AMERICA NEEDS A STRONGER
CENTRAL GOVERNMENT

*A Trans-Continental Radio Debate
Between Harvard and Stanford Universities*

AMERICA NEEDS A STRONGER CENTRAL GOVERNMENT

HARVARD UNIVERSITY AFFIRMATIVE VS. STANFORD UNIVERSITY NEGATIVE

The first trans-continental radio debate in the history of American college debating was held November 27, 1931, over stations WNAC, Boston, Massachusetts, and KFRC, San Francisco, California, between speakers representing Harvard and Stanford universities, and the chairman, Mr. Francis Bellamy, spoke from WABC in New York City. The debate was broadcast over the entire Columbia Broadcasting network. About two hundred letters were sent in after the debate by interested listeners.

The subject was stated: *Resolved*, that America needs a stronger central government. The Harvard team was coached by Edward M. Rowe and J. Mack Swigert, both Harvard graduates, and the Stanford debaters by J. G. Emerson, of the Stanford department of Speech. The debate was contributed to this volume by the coaches.

The debate is an attempt to weigh politically the urgent and pressing economic and social questions discussed in other debates in this volume, and is a most interesting cap-sheaf for the separate discussions of various problems.

First Affirmative, Jerrold H. Ruskin
Harvard University

LADIES AND GENTLEMEN: One hundred and forty years ago when our Federal government was established it took a rumbling stage-coach three days and a half to come to Boston from the little town of

Northampton. Wednesday the Leland Stanford football team arrived in Boston after three days enroute from California. Tomorrow they play Dartmouth in the Harvard Stadium. Just an hour ago some spectators left California by airplane for a twenty-four hour journey to Boston to witness the game.

But at this moment distance is being annihilated even more dramatically. Within a split second after these words are uttered our friends in California will hear them distinctly. So will you people in New Orleans, Denver, and Chicago. In fact, for practical purposes, the whole nation is gathered together in this room!

And so, we are doubly glad to participate in this broadcast—first, because our opponents represent a great West Coast University;—second, because the fact that such a broadcast is possible illustrates graphically that for governmental and economic purposes our vast American continent has shrunk during the past one hundred years until in communication and transportation hours it is no larger than the Commonwealth of Massachusetts, alone, in 1789.

No longer are we thirteen independent colonies nor forty-eight separate states—but we are one nation. Our friends in California wear the same clothes, eat the same foods, read the same literature, see the same movies, and listen to the same broadcasts as we. Economically, socially, culturally, we are one—but politically we are subject to forty-nine contradictory governments! As a result of this disorder, our political institutions are powerless to cope with the multitude

of problems which fusion has created. There is but one remedy. We must strengthen our central government. By this we do not mean that our state governments should be abolished or so restricted as to be useless. They should continue to administer problems of purely intra-state scope. But the Federal government should be given full power to deal with all problems national in importance.

It is surprising how many people do not realize the muddled state of our nation's affairs. Our central government stands helpless before a myriad of problems, powerless to grapple successfully with any one. Many of these are economic, and foremost is, of course, this depression with its accompanying misery and hardship to countless thousands. Although it cannot be said that government weakness brought about the depression, certainly, it was an important contributing cause. It has been three years, now, since the various industries started on their long downhill slide and to the present day none of them with the possible exception of the morticians, has shown any encouraging signs of recovery. Here, certainly, the states have shown themselves pitifully weak, not only in preventing the situation from arising but in remedying the damage that has been done. The reason is that the depression arose from causes, national, even international in their scope—yet the Federal government lacked the power to cope with the situation in its infancy. Mr. Hoffmann will show you later how a strengthened Federal government could alleviate the wants of the people suffering at present, and by planning for industry and strengthen-

ing our banking system could do much to prevent a similar depression from ever again afflicting the nation.

Of major economic importance is the regulation of interstate transmission of electric power. Under existing laws the various state public service commissions do not have the authority to regulate a company generating power in one state and selling it to a retail distributor in another. The Federal government now has no machinery for such regulation. This condition allows many power interests to use the holding company device to evade regulation and to victimize the public. This is clearly wrong. The one obvious remedy is a Federal government empowered to deal with the problem.

Another difficulty which the states have shown a complete incapacity to meet, is the present alarming condition of the railroads, owing to the unfair and unregulated competition by trucking agencies and bus lines which, without a shred of supervision, use roads built at huge expense by public taxes. The railroads are now suffering from the greatest decline of business they have ever been forced to undergo. Certainly, when the ownership of the railroads is distributed among millions of people, and railways normally employ about 1,750,000 persons, of whom at least 500,000 are now unemployed, it seems only fair to regulate these new competing agencies as we have regulated the railroads, themselves. This the states have proved unable to do and the matter now remains for a stronger Federal government to adjust.

The next class of national evils is governmental or legal and points to the necessity for uniformity in laws affecting the daily lives of citizens of the whole country. The most flagrant is the current conflict in marriage and divorce laws which confuses the entire domestic system of the nation. With certain Western states bidding for the lucrative divorce trade, with other states in the East reluctant to grant divorce and with South Carolina denying any at all, a confusion arises which is without excuse. At the same time, one may be a wife in South Carolina and a grass widow in Nevada. A Federal statute would eradicate this unhappy condition.

This conflict of laws touches more than marital affairs. In the matter of social legislation, such as workman's compensation, child labor, female labor, maximum hours and minimum wage laws, it places progressive communities at an economic disadvantage in competing with less conscientious ones. For example, one of the chief reasons for the removal of the textile industry from the Northern states to the South is because Southern states do not have the same high standards for protecting the worker. Federal statutes would equalize the shameful differences.

Another conflict touches your pocketbook. There is no reason why states like California and Florida should be allowed to hold out the absence of income and inheritance taxes as bait to lure people of means from other states. A strengthened Federal government could effect a standardization that would be fair to all.

In the state speed and traffic laws we find still an-

other source of confusion. A citizen may travel at an unlimited speed in one state and a few minutes later, at a snail's pace in another. All these conflicts are unnecessary and undesirable. Mr. Hoffmann will show you how a stronger Federal government can bring order out of the existing chaos.

Finally, let us turn to the social evils which are undermining American civilization. At the present time the educational systems of the several states are in what one writer calls "a condition of variegated confusion." Children educated in some sections of the country are almost unfit to compete with children who have received their training in states where standards are high. The welfare of the nation depends upon maintaining standard minimum requirements. This can be done only by Federal action.

In line with the need for standard minimum requirements in the field of education is an even greater need for minimum requirements for entrance to the professions. The differences among the states in this respect are outstanding. The lawyers as a class admit it and condemn it. As for medicine let me give you an illustration. Just recently a case came before the public in which a purported physician operating a goat-gland hospital in Kansas had secured his degree from a Missouri diploma mill; had gone to Arkansas and secured a license to practice there. On a reciprocity arrangement he got a Kansas license. In the same way he secured a Texas license. When his Kansas license was revoked he moved to Texas. That this condition is a national menace is obvious. The American Medical

Association deplores it but is helpless. Such evils can be remedied by the establishment of Federal requirements for admission to the professions.

I have purposely reserved until the last the much-talked-of and little done-about crime wave which menaces the entire country. Of sinister magnitude is crime—crime no longer on a local scale, but national in its scope. Because of the woeful inability of the individual states to cope with the situation, gangsters have extended their organized efforts over the whole country, until crime now costs us the shameful amount of seventeen million dollars a year! Twelve thousand murders—extortionate racketeering—unchecked drug and liquor traffic—all reflect a reign of terror which only a strong federal government can stop. The states are helpless to cope with criminals who jump from Illinois, to Indiana, to Michigan, to Canada in the twinkling of an eye. Imagine seven thousand federal officers trying to check rum-running alone! We need a stronger Federal police force; we need a Federal act to restrict the sale of firearms through the mails; we need unhampered extradition of criminals; we need sufficient courts and prisons to handle adequately the situation.

The states cannot handle these evils. The Federal government must! The only hope for the future lies in this direction. If we are ever to come out of the haze of a disorganized, depressed, burdened, and confused era of government into the clarity of enlightened and prosperous times, we must call the Federal govern-

ment, *our one hope*, to our aid. How this can be done Mr. Hoffmann will soon tell you.

First Negative, Howard Conn
Stanford University

LADIES AND GENTLEMEN: The Stanford Cardinal greets the Harvard Crimson! We are happy to have the privilege of debating the gentlemen from America's oldest institution of learning by the means so graciously placed at our disposal by the Columbia Network. Through the use of the radio, the Golden Gate may now salute Plymouth Rock.

And this afternoon we are discussing whether this unification by science of the physical territory of the United States should be met by a corresponding centralization in the structural form of its government. When the Negative says that the United States should not have a stronger central government, we are not arguing against an increase in the efficiency with which that government performs its present tasks, for everyone wants it to exercise properly the powers that belong to it. But the question is, what are those powers? And we of the Negative are speaking against an *expansion* in the powers delegated to it. This distinction is clearly indicated by the recent report of the National Commission on Education, which, while recommending the establishment of a Department of Education that would tend to make the administration of education more efficient within limited spheres, nevertheless at the same time made it quite clear that that Depart-

ment was to have *fewer* powers, as against those of the states, than the present variously functioning bureaus within the cabinet departments. We are opposed to a stronger central government which takes away powers now exercised by the states.

The Constitution of the United States stands as a monument to the principle that in so far as possible the people are to retain the right to local self-government. The dual or federal system established in this nation which makes for "an indestructible Union, composed of indestructible States," provides that only in limited spheres is the national government to have complete sovereignty, but that in most cases the states are to legislate for themselves. This principle is still the theory on which our government rests, but in recent years there has been a tendency toward centralization of power which threatens in practice that to which we yet adhere in theory. And for the modern scientific spirit, which so ruinously spurns authority, it is not enough that the tradition of one hundred fifty years be behind local self-government; it is not enough that it has proved successful in the past; it is not enough that James Bryce with countless others should have said of this principle, that "nothing has contributed more to give strength and flexibility to the government of the United States." No;—today we are challenged to prove that this principle of local self-government is pragmatically desirable, that in actual practice it is yet a worthy foundation for our nation. In this proof we are not concerned with the efficacy of centralization

in individual instances, but with the sum total of these cases on our national life.

The first evil of centralization is that it attempts to enforce a standard administration over a vast domain in which interests and problems are not standardized. Our nation is so large that we find within its borders differences in economic development among sections, differences in economic activity, differences in racial problems and religious points of view. Problems are not everywhere the same, and cannot be handled uniformly. Our state boundaries may be artificial, but they more nearly represent sectional interests than would a centralized bureaucracy at Washington.

But our opponents may tell us that scientific advances have unified our nation so that state lines must be erased. Now, we may speak of *all* problems being national problems today, and in a sense they are. Marriage, prohibition, divorce, education, roads, are national in the sense that people in all sections have to deal with them. But they are not national in the sense that all sections can solve the problems in the same fashion. The price of gasoline is a national problem to the extent that everyone has to buy gasoline, but it is not national in the sense that Washington should establish a uniform price for it throughout the country. There are local relationships involved in these questions which must be given local solution. Of course, there are some problems that are purely national in scope, such as Foreign Affairs, National Currency, what to do about the Philippines, the Weather, and Jimmy Walker.

If we are told that a centralized government would take into consideration sectional problems, then it is not a real standardization at all, but is only a duplication of the work of local officers. Either federal control takes into account local problems, and hence is unnecessary, or else it overlooks territorial differences and thus is undesirable. No policy can combine these two alternatives in a program whose advantages offset the evils of each.

Not only is standardization impossible in many instances, but it is undesirable in others. Such reforms as the direct primary, initiative and recall, woman suffrage, have come from state experimentation. The initial advances of individual states have in such matters shown the efficacy of various reforms which the national government could never have initiated as a whole. It is all well and good to say that a centralized government would raise the standard throughout the nation, but it must be remembered that certain standards would never have been recognized in the first place had it not been for state governments experimenting along new lines. Only by a non-uniformity of rule in certain matters can we discover those features of government which are deserving of uniform acceptance.

Federal enforcement has taken no more insidious form than the policy of Federal Grants-in-Aid, by which the national government matches dollar for dollar state appropriations in certain matters, but always on the condition that the national government be given the control of all such expenditures. States are thus

bribed to surrender the right of local self-government, and Washington gains the whip hand. The result is an undue standardization and a habit of running to Uncle Sam with the belief that what we get from him costs nothing.

The greatest evil of centralization, and one whose significance we are beginning to realize as a result of the centralization that has taken place in the last quarter century, is that such a program tends to make impotent and helpless local agencies in the administration of justice. Local courts and local officers have lost their independence and hence the esteem necessary to make themselves effective. The psychological attitude has been created which makes people look to Washington for everything. This is exemplified by the case of Chicago which had to turn to the federal government for the conviction of a man whose hands were red with the blood of fellow citizens. Prohibition affords another example of this effect. Local officers play almost no part in the enforcement of it, but leave the problem to federal agents with the dual result that the latter cannot enforce prohibition successfully, and the former lose the respect which makes them effective in other cases. It is not a question of whether you believe in liquor, it was not a question of whether you believed in child labor, but whether the best administration of justice is to be achieved by the federal government attempting to do what must in the last analysis depend on the attitude of local units. And bear in mind that the increased impotence of local units is a result and not a cause of the increased powers of the federal gov-

ernment. Chicago convicted its own criminals until the last few years. Prohibition was being better enforced in the states that had adopted it before the Eighteenth Amendment was passed.

Speaking of Federal encroachments, Senator King of Utah made this statement in 1921: "There was a time when the states possessed that pride which would have led them to resist these attempts to influence their local affairs." Senator King thus states clearly our duty. The founders of our nation would have resented the encroachment on local self-government, for that principle is the one on which they established our federal system. We today, if we be wise, will likewise resent this encroachment, for it sounds the death knell of that governmental success of which Americans have been proud for over one hundred fifty years. It means an attempt to standardize the administration of a nation whose interests are not standardized, and the resulting impotence of all local units to function with any degree of effectiveness. May ours be the courage to say that America has reached the point in its centralization of power where the evils of that centralization are beginning to outweigh the benefits thereof.

Second Affirmative, Malcolm Arthur Hoffmann
Harvard University

MR. CHAIRMAN, FRIENDS: If anything, Mr. Ruskin has been too modest in his picture of the evils besetting the nation today. But because you know too well how wide-spread and deep-rooted they are, it is unnecessary

for us to emphasize them further. Rather, it is more important to point out a number of ways in which the federal government could solve these pressing problems by preventing some of the evils from arising, and by alleviating the damage done by others.

We favor strengthening the federal government either by Congress assuming more power under the provisions in Article I, section 8 of the Constitution, or by amendment. We are not here to urge upsetting the state governments. We seek unification of governmental power in all matters of national importance, with such fixation of responsibility as to allow us to put our finger upon the agency which fails to function. In this way we are eliminating any undesirability of bureaucracy about which Mr. Conn is troubled.

Accordingly, we offer for your consideration certain suggestions as to what might well be done to strengthen our central government, so as to enable it to meet the needs of the hour. These suggestions are not final. They are but *guides* as to what ought to be done. If any of you has a more suitable plan to give to the federal government sufficient power to deal with today's problems, we are heartily in favor of it. But the suggestions we offer are calculated to meet directly the specific difficulties with which both our state and federal governments have been unable to cope.

Let us consider first the matter which most concerns everyone of us—this depression. When you see the cold figures of seven million unemployed, one and a quarter million in want and hunger, ten thousand banks closed, you feel the need of a tool large enough to grap-

ple with such huge calamities. A National Economic Council with powers of supervision over all large industries will be such a tool, as well as a preventive of perennial business depression. We do not propose that the federal government place itself in business to compete with its citizens. We do mean, however, that all corporations engaged in interstate commerce, this includes most of big business, be chartered by the federal government, with their powers definitely restricted to the field of business in which they engage. We mean further that essential or key industries be required to operate under supervision of the National Economic Council, which should be established to work in close harmony with the Federal Reserve Board and the Departments of Agriculture, Commerce, and Labor.

From the national point of view all enterprise would fall into three classes: First, *government work*; second, truly *competitive work*; third, privately-owned but *publicly-controlled work*. I shall deal with each in turn.

Government work should ordinarily be kept at a minimum, with its costs met out of taxation. The National Economic Council could make long time plans for development of public works, to be done in times of slack business, thus effecting savings for the taxpayers, and providing employment for those who would otherwise be without work. Back in 1923, Secretary of Commerce Herbert Hoover, as chairman of President Harding's conference on unemployment submitted this long time planning as one of the ways to prevent

and alleviate suffering and want. If it had been done on a larger scale two years ago, today's situation would be less grievous.

The class of truly *competitive work* includes all industry not basic. With this, the National Economic Council need have little to do.

The privately-owned but *publicly-controlled field* will include basic and key industries, in which uncontrolled competition is disastrous to our economic structure. Here, the National Economic Council will supervise minimum standards for quality and service; prices and rates; limits of profits; wage scales and conditions of employment. The Council would also pass upon the advisability of expansion into new fields and the issuance of securities.

It is clear, too, that the Federal Reserve Board needs greater powers than it has at present. Indeed, the creation by President Hoover of a National Credit Pool is conclusive proof that if the Federal Reserve Board is to uphold the splendid improvement its creation brought about in our monetary and financial system, it must be given greater authority.

Mr. Ruskin did not emphasize enough the need for regulation of interstate traffic in electric power. At least fifteen per cent of all power sold is interstate commerce. Under existing laws the states cannot regulate this fifteen per cent. We must set up a new and potent federal power commission to do for the consumers of electricity what the Interstate Commerce did for the shippers thirty years ago.

The railroads are vital necessities to our economic

and social structures. To allow them to be destroyed by unregulated and unfair competition of trucks and busses is the height of folly. The Interstate Commerce Commission should be given power to regulate truck and bus activities, just as it does the railroads.

Our National Economic Council, then, with the assistance of the federal departments of Agriculture, Commerce and Labor, and working in close harmony with a strengthened Federal Reserve Board, a more authoritative Interstate Commerce Commission and a new and potent federal power commission, would be able to provide the necessary equalization, to keep down ruthless competition, speculation, and unwarranted expansion, that inevitably lead to crises, panics, and depressions, the worst of which we see today.

Let us turn now to the need for uniformity in laws which affect the daily life of every citizen in the land. As Mr. Ruskin told you, Nevada and Arkansas compete for lucrative divorce business; New York allows divorce upon proof of infidelity; and South Carolina grants it not at all. As a result, a couple may be married in one state and not in another—their children legitimate in State A and not in State B. The remedy for this is a federal statute prescribing uniform conditions of marriage and divorce.

In the field of social legislation, it is a national disgrace that a state which protects its workers against industrial accident; its women and children against unconscionable exploitation by greedy employers; should be penalized because a sister state is heartless enough to refuse to do the same thing. A uniform federal stat-

ute will cure this. Exactly the same thing may be said about uniform income and inheritance tax laws. A federal statute providing such uniformity will prevent California and Florida from setting themselves up as havens of refuge for tax-dodgers. The need for uniform speed and traffic laws is equally clear. The four matters we have indicated are certainly of national importance, national scope, national confusion, and hence require a remedy extensive enough to apply everywhere in the nation.

The need of a Federal Department of Education has been repeatedly emphasized by associations of educators. This department would set up standard minimum requirements for teachers, courses of instruction, and physical equipment. It is not too much to ask for a high minimum for every child in the country.

For admission to the professions, the American Bar Association, the American Medical Association, and the National Institute of Accountants each has urged the establishment of uniform national requirements, but the states have been very slow to provide these minimum standards. The quick, the sure means, is federal supervision.

In dealing with the national crime problem, let me give you the particular facts about the case Mr. Conn mentioned. For twelve years Al Capone operated in and around Chicago, engaging in enterprises of which everyone is aware. Did the state of Illinois? Did Cook County? Did Chicago? ever try him for murder, racketeering, white slavery, operating a gambling house, dealing in narcotics, bribery of public officials,

or any other major crime? If trial was ever started, was it carried to a successful close? You know the answer as well as I. Al Capone was finally tried before a federal judge, by a federal jury, with a federal prosecutor, and was convicted. Convicted of what? Of violation of the income tax laws—the only *federal* offense for which evidence could be found. Now, give your federal government power enough, means enough, machinery enough, and it can and will stamp out the national crime industry.

The specific needs of the federal government for this job are: first, statutes making murder and the sale of firearms by mail federal offenses; second, the establishment of a federal police force to investigate, to detect, to run down and arrest national criminals; third, the necessary number of federal criminal courts to try such cases; fourth, more federal prisons to confine the felons caught and convicted. True, these measures would cost some money. But national crime costs a lot of money—thirteen billions a year the Wickersham Commission said—and in spending our money in one way, we save a great deal more in another.

Briefly, I have sketched the ways in which the federal government can and must be strengthened. What I have said is bold, but is founded upon fact. The men who drew up the Constitution and established our central government were bold. They left the document elastic enough to provide for change, whenever, wherever, change was desirable. It is in keeping with our national tradition for us to be as bold as they, for us

to look directly at the facts, to acknowledge the evils when they exist, and to do what must be done to correct them. *The one remedy is to strengthen the Federal Government!*

Second Negative, John Huneke
Stanford University

LADIES AND GENTLEMEN: My colleague, Mr. Conn, has pointed out that in our vast country of highly diversified interests, the state constitutes the only logical machinery that can meet, satisfactorily, the problems of the local units; and that pursuit of a policy of centralization would bring about a further deterioration of the state with resulting dissatisfaction and inefficiency in local areas. I shall attempt to prove that to strengthen further the central government would be to overload an already overburdened organization and that the only possible result would be the formation of a bureaucracy under which the government could not function to the best interests of the whole nation. Let me repeat our stand: by "strengthening the central government" we do not mean the mere increasing of efficiency in exercising present power but, rather, the adding of entirely new powers.

From the time of its first organization our central government has become more and more powerful, until today we have progressed so far in the tendency to look to Washington for a solution of our problems that we are hampering the actual functioning of our central government. The Fifteenth, Eighteenth, and Nine-

teenth Amendments to the Constitution, which concern purely local matters, exemplify this fact. The Fifteenth Amendment, having to do with negro suffrage, has been nullified by the states which objected to it; and today the negro does not vote in these sections. The Eighteenth, or prohibition amendment, is still an experiment. The lack of local coöperation has made its enforcement often impossible. The Nineteenth Amendment, concerning woman suffrage, has functioned only because there has been no serious local objection to it. There is the proposed Child Labor Amendment which is also primarily a local matter. But these constitute only a small part of the whole overloading process. We have enlarged and stretched the other constitutional powers to cover almost any desired action either national or local. The taxing and money powers have been used to form national banks and federal reserve systems; the commerce clause has brought about the regulation of telephones and telegraphs, power and pipe lines, airplane travel and broadcasting stations; the post office and post roads power has been enlarged to include airports, parcel post, savings banks and a farm loan board. All of these various factors have heaped on our government numerous duties that are overwhelming. One has only to look at Congress struggling along in its slow and cumbersome fashion, its sessions choked with twenty to thirty thousand bills, its machinery complicated by committees and subcommittees, and its work thwarted by the evils of pork-barrel legislation and log-rolling, to imagine the chaos that would result under greater centralization.

Likewise our Chief Executive is overburdened with constantly increasing duties. The steady growth of the cabinet in size and detail has added to his burden in that he is the controlling and regulating factor behind it. In addition to the ten departments, each with numerous subdivisions and bureaus, there are twenty-five independent executive agencies such as the Interstate Commerce Commission, the Federal Farm Board, and the Federal Radio Commission, with the President as their appointing head. American interest in international affairs has grown tremendously in the last twenty years. Great problems of foreign policy have confronted us at every turn, taxing our every resource of intellect, time and machinery. Europe has suddenly become our next-door neighbor; Russia demands recognition; Manchuria, the Philippines, Latin America—all are present problems involving us as never before and placing an incalculable burden upon our federal executive chiefs. The rapid increase in all of these functions has made the task of the President one requiring almost superhuman powers of intellect and physical constitution. To further centralize power in Washington would bring us face to face with actual deterioration in the prestige and efficiency of the presidential office.

Our federal judiciary has long been held in the highest respect because of its accomplishments; but even that citadel of judiciary efficiency is beginning to show the effects of overloading. The year after the passage of the Eighteenth Amendment the cases increased tenfold and have since continued to pile up.

Our Supreme Court has become so swamped with business that it has had to render oral decisions on the Eighteenth Amendment. The pressure all along the line has reduced the efficiency of the federal administration of justice. Further centralization is bound to increase this evil and bring this all-important instrument of justice into disrepute.

From the foregoing it is apparent that at present our ship of state is *already* overloaded. The only relief, the only possible alternative would be the further development of bureaucracy. We are advancing along these lines at the present time, and political scientists are pointing out that our government no longer consists of only three departments, the executive, the legislative and the judicial, but that there has been added a fourth, the administrative. This administrative department is made up of numerous bureaus and commissions including well over one hundred under cabinet offices alone. We are not denouncing the accomplishments of some of these boards but we wish to point out the danger of constantly increasing this structure with local duties such as those just mentioned. This administrative bureaucracy would gradually be built up under increased centralization until it would overshadow our constitutional forms in central government. It would be a separate structure; removed from the people by distance, lack of direct responsibility, and the mazes of red-tape. Its leaders would be appointed by Congress or by the President. Its membership would be filled by the Civil Service and it would become

a mere machine not responsive to the people and yet guiding their destinies.

As Mr. Conn pointed out, this central bureau could not meet local needs and would not react to local problems. How can the various bureaus of education know and understand all the local needs in our country when even the state boards today are under criticism for being out of touch with the situation in the individual counties? This structure would gradually expand, for it is so easy to turn over vexing matters to another bureau. Discontent would follow. Public opinion must be back of a law for that law to become effective, and such opinion, while it might be a majority in the local area, would become merely a minority in the nation with the result that any following law would be nullified in the dissatisfied areas. This, as was pointed out, has already happened in the cases of the Fifteenth and Eighteenth Amendments. Our whole lives would be governed by this distant machine-like bureaucracy. A few years ago Mr. Bentley W. Warren, a political scientist and lawyer, pointed out the possibilities of this tendency apparent even then. He said, "Before the citizen of a state can be born, he and his prospective mother are subject to rules and regulations established by a federal bureau. After birth, the extent and method of his education will, under the proposed Sterling-Towner bill, be fixed by a federal department of education. However needy his parents may be, or however great his own ambition to earn something, the Child Labor Amendment will enable Congress entirely to prohibit his labor until he is

eighteen years old. On reaching manhood, his right to marry, and in the event of an unfortunate marriage, his right to divorce may be regulated by the federal government. That bureaucratic and to him remote government already has decided which of his beverages constitute intoxicating liquors and shall be denied him. By the Income Tax Amendment a blank check upon his earnings during life has been given Congress which also does not hesitate, after his death and burial, even to reach out through the Estate Tax to deprive his widow and offspring of what he may have intended to leave them for their support."

Today we have numerous commissions created by Congress, appropriated for, and then left entirely to their own devices, as witness the Commission for the reception of Admiral Byrd, and the Commission working on insignia designs for the wings of government planes. Thus would graft and corruption be encouraged and the man in the street would be powerless to object. Like a giant nautilus the structure of our federal government is constantly enlarging. If we hasten this tendency by adding still further powers we shall hasten the development of a giant bureaucracy as the only possible substitute.

Let me briefly review the negative case. Mr. Conn has pointed out that the policy of centralization tends unduly to destroy state prerogative and efficiency, by direct transfer of power from state to national government; by the ignoring of local differences; and by causing the people to look to Washington as a sort of benevolent Santa Claus. I have attempted to show

that we have already overloaded our central government to the breaking point and that a furtherance of this policy would bring chaos and a dangerous, inefficient bureaucracy. In closing let us bear in mind that there comes a time in any tendency when the evils begin to outweigh the benefits thereof. The English Empire, for example, has found it desirable to adopt a policy the exact opposite of centralization. Local differences, she has found, make it expedient to turn almost all matters over to dominion control. While America is not as far-flung territorially as Great Britain, her domain is nevertheless very great and her interests, even her races, are very heterogeneous. It is our contention that for the reasons advanced, we have come to the point in our own tendency toward centralization where the evils are beginning unduly to outweigh the benefits.

Negative Rebuttal, Howard Conn
Stanford University

LADIES AND GENTLEMEN: The Affirmative has made much of the need for federal alleviation of the economic depression. But the causes of our depression are many, and we cannot say that a centralized government would have avoided it. We find that it is world-wide, and that countries in Europe such as France and Italy have suffered more than we, and they have centralized governments. So the causes of the depression are much deeper than the form of government.

The Affirmative has spoken of the need for federal action in Interstate Commerce and Railroads. But these problems are ones in which activity crosses state barriers and a certain amount of uniformity is essential. They are inter-state problems in the first place, and the federal government must act on them. But the federal encroachment to which we are objecting is that which attempts to surrender purely local problems to government solution. Matters of divorce and education do not extend beyond local areas in the same sense that interstate commerce does. The federal government should arbitrate between states, but it must not seek to encroach upon problems that are confined to local areas. Hence the uniform regulations cited by the Affirmative are of a different nature from those to which we are objecting.

The educational system has been stressed this afternoon. In my constructive speech I spoke of the recent report of the National Commission on Education which advocated that the national power over the states be decreased. Centralization in education is detrimental because it so standardizes the work of the teachers that their personalities and initiative become submerged. Supervision of teaching becomes overburdened and impersonalized. With greater centralization, we would have supervisors supervising the supervisors. Education would become a mass machine rather than a matter of *character building* and *personal instruction*. Anyone familiar with college students today knows how deficient they are in fundamentals owing to the

standardization we now have. Certainly we do not want this standardization to continue.

The breakdown of local enforcement in Chicago has been cited as a reason for centralization. But we maintain that that breakdown is a result of centralization. Federal officers have taken so much power in the past few years that people have lost respect for local officers. If centralization continues, we may expect a continued deterioration of local units.

The Negative is not arguing against centralization in specific instances, but against those instances in the aggregate. America has reached that point in her centralization program where the evils of such are beginning to outweigh its benefits. An increase in federal power means a weakening of state governments, for they will then turn to a far-removed bureaucracy at Washington for the solution of local problems. Such a program will likewise weaken the federal government, for it will become overburdened with so many tasks that it will not be able to perform properly the duties that belong to it as a national government. Because centralization would thus *weaken* rather than strengthen our national life, we believe that the United States should not have a stronger central government.

Affirmative Rebuttal, Jerrold H. Ruskin
Harvard University

LADIES AND GENTLEMEN: From the speech of our friend, Mr. Conn, it would seem that the Negative feels that we are advocating the removal of *all* powers from

the local state governments. He tells us that the "Constitutional Fathers" would have deplored this action deeply. No more would they, than we! It is the firm belief of the Affirmative that the local authorities are best fitted to administrate local affairs. However, let us remind you that the makers of the Constitution saw that with the inevitable changes in American civilization the powers of the federal government would have to be increased to handle the new problems which must arise, which were national in scope. It was for this reason that they, in their wisdom, provided two definite means of revising the Constitution.

We are very glad that Mr. Conn reminded us that the recent inquiry asked for Federal Supervision of Education. Certainly no more proof should be necessary to show the need of Federal control in this field.

May we also extend our thanks to Mr. Conn for reminding us that railroads and interstate transmission of power are *federal* problems. It is on precisely these grounds that we ask for stronger federal supervision in these fields.

Mr. Huneke has told us that in our Southern states the Fifteenth Amendment to the Constitution has been absolutely nullified so that the negro is prevented from casting his ballot. Yes, sad to relate, that is exactly the plight of the black man. And it is for precisely this reason that we plead for a stronger federal government. There is no reason on earth why every literate Negro in the country should not vote. If at the present time certain states are forbidding citizens this

sacred privilege we claim that there should be a special arm of the federal government to enforce the provisions of the Constitution of the United States so that every qualified Negro in the nation shall be enabled to vote.

Mr. Huneke has made much of the fact that if further centralization is effected the federal government will be made to carry an impossible burden whereas, under the present conditions, it, particularly in the Department of Justice, is overworked. It might be relevant at this time to note that the Supreme Court of the United States was recently forced to adjourn because of a lack of judicial business. However, it is just because certain federal agencies *are* overworked at the present time that we ask that they be made stronger so as to enable them to bear their burdens efficiently.

Mr. Huneke has also warned us of the great dangers of bureaucracy. We believe there is more bureaucracy in some of our state governments than Washington ever dreamed of. Our federal government has the finest civil service in the country. Every department is headed by competent men. Every Bureau is in response to a widespread public demand. Bureaucracy is a frightful word but like the windmills of Don Quixote, perfectly harmless!

Mr. Conn has told us that all of the sections of the country cannot solve the problem of marriage and divorce in the same manner. The obvious question which enters our minds is, "Why not?" Do not these fundamental laws of nature affect every human being in the same manner? Why should the existing differ-

ent standards cause so great a confusion as to allow a child to be perfectly legitimate in one state, and right across the border in another to be misbegotten?

The debate is drawing to a close. The issues have shaped themselves definitely. In my first speech I presented for your consideration a number of national evils. The ones I emphasized most were: the *depression*, with its accompanying unemployment and want; the *lack of regulation* of electric power companies doing an interstate business; the condition of the *railroads*; the unsatisfactory and annoying result of *lack of uniform laws* for marriage and divorce, for protection of industrial workers, for income and inheritance taxes; the embarrassing result of *lack of uniform standards* for admission to the professions; and finally I stressed that well-known national affliction, *Crime*—with its horrible cost in lives and money. These evils are national—they are intense. Mr. Hoffmann has pointed out to you specific ways in which the Federal government could be strengthened to meet the needs of our people. For depression he suggested a National Economic Council, to work with a federal reserve board, the Interstate Commerce Commission and a new federal power commission. For the confusion and conflicts caused by the lack of uniformity in the law in domestic relations, in taxes, in social legislation, he proposed a federal statute to be the uniform law in each instance. For crime, we both stressed the need of a federal police force, more federal courts, more federal prisons.

It is important to point out to you that it is not

necessary that you approve the suggestions we have given for strengthening the federal government. It is quite sufficient if you agree with us that the evils we cited are national in scope, that the states are not meeting them satisfactorily, and that the logical thing to do is to empower our central government to meet the needs of its people. If you have other plans for strengthening the federal government, and they will work, we are quite willing to indorse them. The important thing is this—we must concur that the conditions of today are such that America needs a stronger central government.

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THE CENTRALIZED CONTROL
OF INDUSTRY

*The Case of The Pi Kappa Delta Champions
of 1932*

THE CENTRALIZED CONTROL OF INDUSTRY

UNIVERSITY OF REDLANDS AFFIRMATIVE AND NEGATIVE

The following speeches were not used in actual debate as they are the Affirmative and Negative arguments used during forty-one debates during the debate season of 1931-32 by the same team, the winners of the Pi Kappa Delta Championship at the National Convention at Tulsa, Oklahoma, April 1-5, 1932. The rules of the Pi Kappa Delta Tournament require that the same team debate both sides of the proposition, and the arguments given here are arranged in the form of a debate for convenience in presentation in this volume by the Editor.

During the season the Redlands Team, composed of Mr. Mason Frost, first affirmative and first negative speaker, and Mr. Marvin Dean, second affirmative and second negative speaker, entered four tournaments, two of which they won—the Redlands practice tournament on December 4-5, 1931, and the Pi Kappa Delta National tournament as indicated above. In addition they engaged in several single and dual debates with various colleges on the Pacific Coast and on their trip to and from the convention at Tulsa. Three or four different cases were developed on each side during the season, the cases given here being the last and most efficient. Of the forty-one debates entered, five were lost, three were non-decision, and the rest were won. The team was the first to win a Pi Kappa Delta Tournament for men's teams without a single defeat. The Redlands team debated the negative three times in the first five rounds and the affirmative twice. In the sixth and seventh rounds they were required to take the negative, and in the eighth the affirmative. In the ninth with seven teams left out of the one hundred and two that entered the tournament, they were the only undefeated team and drew a bye. This round left four teams, and Redlands debated the

negative in the tenth and the affirmative in the final round against William Jewell.

The Redlands case was not written out and appears in stenographic account with the William Jewell speeches in the Pi Kappa Delta Winning Speeches Vol. IV (Noble and Noble) with revisions made by the speakers. The first speech on the affirmative was written out a week before the National Tournament while the team was on the way to the convention, but was not given as a committed speech—but paraphrased extemporaneously. The first negative was planned in similar manner and written out the day before the tournament began at Tulsa, and was also paraphrased in actual debate. Thus the speeches were never given twice alike.

The argument given here against credit control was not used by the Redlands team at the Tournament as they did not wish to have it turned back on their affirmative case, but it was used in the last debate of the season to defeat the team from Southern Methodist University, which used the Redlands credit control case, as part of their affirmative debate. The Redlands negative depended in the tournament upon the regular attack against an economic planning case, and when they met credit control showed that it could be reduced to the arguments, setting of prices and limiting of production, and did not provide for complete control of credit outside the banks. Usually the credit control cases were not sufficiently planned to escape their analysis. In turn the Redlands team won on the affirmative by using federal incorporation for the credit control outside of the banking system, and by emphasizing that they were not attempting to control production or prices.

The teams that could have attacked credit control as Redlands does in the negative given here were eliminated in the earlier rounds, and Redlands never had to meet its own attack on Credit Control. What they intended to do in case they did meet the Gold Reserve argument, is indicated here in the last rebuttal speech on the affirmative. Redlands did use the commodity dollar on the negative as a counter-plan, but guardedly as they feared it would be turned back upon them.

Mr. Frost and Mr. Dean were both members of the Class of 1932, and debated together as a team for two debate seasons. They were coached during this time by Professors Joseph Baccus and E. R. Nichols of the Speech Department of the University of Redlands.

First Affirmative
University of Redlands

LADIES AND GENTLEMEN: The Chairman has already stated the question: "*Resolved*, that Congress should enact legislation providing for the Centralized Control of Industry." The first thing that I wish to do is to make clear to you our understanding of the meaning of the question and the issues involved. In order that we may be perfectly clear let us look at the definition of the terms. "Industry," according to Webster, is "any department or branch of art, occupation, or business which is a distinct branch of trade." This is the broadest definition of "Industry" that we have found, so in taking it we are not shirking any of our burden. "Industry," if we accept this definition, means the business world, not merely manufacturing. "Control," by the same authority, is "to exercise a restraining or directing influence over." Control may be anything from the merest influence to absolute domination. This gives us considerable latitude. We shall choose the word regulation as best exemplifying the kind of control we think the question means. "Centralized," which modifies the word "control" in the statement of the question, means "unified" or "placed under a single authority." Summing up these definitions, the affirmative believes that the correct interpretation of the question is that Congress should pass legislation providing for or setting up an Economic Council or body which shall be the single regulating

power over industry, and shall be held responsible for the regulation of business conditions in the United States. We think that this is a fair and accurate interpretation of the question and the one which the framers of the proposition intended.

The issue of the debate is, of course, the wisdom and practicability of such a plan. Manifestly the wisdom and practicability depend entirely upon the method which an Economic Council would use to regulate industry. Our question is so liberally stated that more than one method of centralizing the control of industry is possible. We have chosen government regulation through an Economic Council, but two other methods might be possible. The government could choose to own and operate and this would be centralized control but it would also be Socialism, or it might be Communism. We cite this to point out in the beginning the difference between that and the thing we propose. Again, the government could authorize the repeal of the Sherman Law and other restrictions on trade and allow the big financial interests to centralize the control of industry in private hands. This policy would remove government interference and place us in the hands of the strongest, but it would undoubtedly result in centralization of control. We do not believe in giving private business this unrestricted power, so we come back to government regulation and direction of the centralized control as the most logical and practicable plan. We do not believe that government should stay out of business. We think that in order to protect the interests of the public, of the common citi-

zen, that there must be regulation. We cannot continue with unrestricted capitalism. Present conditions prove this contention. We are at the place where something must be done to restore business to prosperity and to banish the burden of unemployment.

There are three methods which an Economic Council might use to control industry. They might attempt to limit production and adjust it to estimated demand, and regulate prices. This is called Economic Planning, and has received considerable attention of late. The second method that the Council might use is to require federal incorporation and license of all businesses. This would give the government a centralized control, and the power of life and death over a business so that it would have to submit to whatever regulation the government desired. Third, the economic council might control industry indirectly through control of the key industry of all industries—banking and finance. This is a practical method of control and the control of money is a natural government function. Since over ninety per cent of our business is done through credit or bank money, the government through control of banking could exercise an almost perfect control over industry.

Now of these three methods which best meets our needs? The first plan, the dictation of production and prices by fiat or command, has never succeeded where tried, for it implies control of consumption to work satisfactorily and such control is manifestly impossible. It places too much managerial responsibility on the Council, and takes away too much of the liberty of

action of the private individual. It is not a logical method of procedure, and in the opinion of the best economic thinkers should not be tried. For that reason, throughout the rest of this debate let it be distinctly understood that we shall not advocate dictation of production or prices. We do not feel that the law of supply and demand can be repealed, so we propose to let it work and try to better our conditions by another method.

Now as to the other two methods, we shall not choose between them, but propose to use them both. Numerous writers have pointed out, and those bankers and economists that appeared before the Senate Committee hearings on the establishment of a National Economic Council last fall said, that if business was to be stabilized through any kind of government action, that credit control was the logical way to do it. In order to control credit the government must not only control banking, but it must charter and license business in order to insure one hundred per cent control. For that reason we shall use both methods, and place them under the direction of the National Economic Council as my colleague will later explain to you.

Now what do we expect to accomplish by such action—why do we want this form of centralized control? What is the need for it? The deplorable conditions in industry today are the answer. We are in the throes of the worst business depression we have ever known. Over ten millions of honest, capable, hard working men are out of employment. Their families are in distress. We are face to face with wholesale charity. We are

pauperizing and debasing men, who, given the opportunity to work, are the most important fabric of our citizenship—our very foundations—for labor is the basis of industry. The economic system which places us in such a position periodically is a discredited and unsuccessful system, and menaces our future. We do not say that our system should be abolished, for that is what we hope to avoid. We propose to reform and regulate, that we may avoid Communism and such social experiments. We do not say that we can do away with the business cycle absolutely or make things perfect, but we do say that through centralized control of industry we can go a long way toward bettering conditions in the future and preventing the *extremes* of panic and depression such as the present one.

There have been about twenty-five panics in our business history. Some of them have been very serious, for instance 1831, 1851, 1873, and 1893. Many of us are still familiar with Coxey's army of 1893, and at the present time with about ten million men unemployed, we face the most serious crisis in our financial life as a nation. If through centralized control of industry; if by credit control, we may alleviate the extremes of panic, to which our system is subject, we have certainly struck directly at the problem the American people desire to solve.

There are two kinds of unemployment—*normal* and *abnormal* or *cyclical* unemployment. By normal unemployment we mean those who are willingly unemployed; those who are technologically unemployed; those seasonally unemployed, and those in transition

from one job to another. They amount normally to from one to two million men. We can stand that much unemployment in good times. By abnormal unemployment we mean those unemployed because of the business depression, called cyclical unemployment. If we subtract the normal unemployment, say two million from ten million, the probable number of those now unemployed, we find that cyclical unemployment approximates eight million. This unemployment constitutes a burden to our economic system that is well nigh unendurable. We must do something about it. That means we must do something about the cause of panics so that we may escape like situations in the future.

Now what are the causes of panics? There is no general agreement here. Many causes are urged. The only scientific way to discover the real causes of panics, however, is to consider all panics, and find out what factors are always present and what factors are sometimes present. This will give us two kinds of causes, the occasional or incidental ones and the permanent or ultimate ones.

War is offered as a cause of business depression. We are told that after every war there is a primary and then a secondary depression, and that the panic we are now experiencing is the secondary one following the Great War. Likewise, 1873 is cited as a post war panic. But what about 1831, 1851, 1893 and 1907? We had no wars of any consequence or magnitude to cause them. Also, the foreign loans and debts are urged as causes for this panic, but this is the only panic

in which foreign loans have figured at all. Hence these causes although they may be contributory are incidental and not fundamental causes.

If we look further we shall find, however, that there are factors that precede and are present in every panic. For instance there is always a mass of indebtedness just preceding and during a panic. There has always been speculation of gigantic proportions in the boom period that invariably precedes a panic, in land and city real estate, or in stocks and bonds, or in some kind of investment. There never has been a depression in which this piling up of indebtedness, in which this wasting of wealth through speculation did not appear. The boom period brings high prices or inflation of values and the panic, low prices and deflation. These factors are always present in the business cycle. Evidently the key to depression lies here somewhere in the piling up of debt, in inflation and deflation, speculation and loss.

Allow me to give you an illustration of how it works. A clothing man, say, stocks up with a supply of suits at high prices in a so-called era of prosperity or boom period of the business cycle. Depression arrives. He is taken unawares. He cannot now sell those suits on a falling market for what he paid for them wholesale to say nothing of taking a profit. Unless he can borrow or tide through some way, he must take a gigantic loss or fail completely and go into bankruptcy. Another example—A man buys a home for six or seven thousand dollars in prosperous times. He gives a mortgage for thirty-five hundred dollars. Prices de-

flate in depression and he cannot renew the mortgage for that amount. He must either pay off a part of it or lose his property. He cannot get the money or is out of work and cannot keep up the interest even so he loses his home. We see examples of this kind about us every day.

Now if the Affirmative can show that through a system of credit control we can do away with the extremes of over-inflation and thus escape the consequent excessive deflation, if we can prevent speculative prices and booms, if we can keep indebtedness within bounds, then we can stabilize values, prevent extremes, and thus have justified centralized control. This is exactly what we propose to do in this debate.

The Federal Reserve System was created with exactly this thing in mind, but it has failed because the Reserve System did not have complete control of the credit situation in the United States.

That we are on the right road is evidenced by the fact that President Hoover in his reconstruction program has recognized that the proper place to attempt to relieve depression is through the credit system, and he has been trying to inflate credit; he is trying to give business enough credit to prevent failures and to carry on. The President's plan does not include a method of controlling excessive inflation, but when you hear the details of our plan you will see that we have provided for that.

We have presented the situation to you. We have shown why we need Centralized Control of Industry, and why credit control meets the situation. My col-

league will show you how we shall get and operate credit control. He will show you how we shall cut down the extremes of inflation and deflation, and how we shall control speculation. We do not say that we can destroy the business cycle, but we do believe that we can control it and prevent its wide extremes of prosperity and depression, and that is the meaning of Centralized Control of Industry as we conceive it.

First Negative
University of Redlands

LADIES AND GENTLEMEN: Without repeating the proposition already read in your hearing, let me say that according to the question Congress is to provide for the centralized control of industry by establishing some body, council, or authority whose duty it shall be to exercise control. This may be a new body or an old one with new powers. For the first time in about forty debates upon this subject we find ourselves in agreement with the definition of the terms of the question as given by the opposition.

We believe that the issue is: Will this centralized authority solve our industrial problems, or at least the major evils involved? The answer to this question depends entirely upon the method of procedure of the controlling authority. Their plan of action must be feasible and practicable. It must reach the evils which the Affirmative urge that it be established to meet.

What are the major evils of industry that occasion this discussion? They are over-production and under-

consumption or lack of buying power, and unemployment. Why do we have these evils in such a wealthy country as the United States? Because our financial system is subject to periodic panics or depressions; because we have alternating periods of inflation and deflation in our monetary system; because our money changes in value with relation to the products it is used to purchase. Our trouble, then, is a maladjustment in the financial and banking system. It is the burden of the Affirmative to solve these difficulties by some practical method of Centralized Control of Industry.

The Negative may solve the difficulties by any other method that is not centralized control, or it may content itself with pointing out the fallacies in the Affirmative case for centralized control, or the Negative may attempt to do both of these things.

Now there are three possible types of centralized control which the Affirmative might offer: Government regulation; repeal of the Sherman Anti-Trust Law and other restrictions and allowing business to build up its own centralized, monopolistic control; and Government Ownership, that is, Socialism or Communism. The Affirmative have indicated already that they will choose the first of these, government regulation of industry. They have indicated that they will establish a National Economic Control and that it will attempt to control positively but indirectly through money power, or credit control. Now since we do not know the exact details of the Affirmative plan as yet, we can only attack their contentions in a general way at this time. That is what I propose to do, leaving to

my colleague the more specific attack when the Affirmative case is completely before us.

Whatever the method of centralized control advanced, (in this case we understand it is to be credit control), there are three factors involved that must be controlled. They are: *Labor*, *Capital*, and *Management*. The Affirmative must arrange to control all of these factors, for, if they control but one, or even two, and do not control the third, the element of defeat is present. The uncontrolled element will wreck the plan.

First, let us take *Labor*. It is perhaps the most significant element in industry today—the one suffering most from unemployment. It is the element which has power at the ballot box; it is the element that may revolt or wage active war against control. To control Labor in a free government like ours is well nigh impossible. If the centralized control attempts to tell Labor how much it shall produce and how much it shall receive for it, immediately there is tremendous opposition. To do this it must abolish the Labor Union, destroy collective bargaining, and deny the right to strike. The centralized control, then, loses the position of arbiter of the quarrel between Capital and Labor and becomes Management itself, a new position for government and an unfortunate one. England found herself in this position in the General Strike of 1926, and had to call out the standing army to come and subdue its own citizens. Manifestly America must avoid any situation that might lead to riot and revolution. Labor, then, cannot be controlled except in one direction—it can be pacified by ever increasing wages

and shortening of hours—and this is what will necessarily happen. The controlling body will maintain its position by favoring the voter. If it does not, Labor will reach out with voting strength and take control of the Centralized Control of Industry in order to protect itself. The control of industry will inevitably become a political prize, for it must be responsible to the people through the President and Congress. If it is not, it will be a tyrannical oligarchy subject to all forms of corruption—a thing the people will never tolerate.

Second, *Capital*—how can Capital be controlled? If Labor reaches for power, Capital will do the same thing and we shall witness a struggle for control at each election. The issue will pass into politics permanently. We all know what happens to business when the tariff is to be overhauled. That unsettling of conditions is as nothing to the breakers ahead when we put all industry into jeopardy at each election. Moreover, if Capital loses it will buy its way to control, and the people, fooled a few times, will rise up in rebellion and we shall face Communism in reality. Again Capital will not submit to regulation. It never has. Capital is timid and will not venture unless there is freedom of action. No one can compel Capital to invest in production if it does not like the control exercised over industry. Capital can migrate to countries where there are no restrictions, where investment is less controlled and restrained. There is no way of preventing this except by confiscation of wealth before it migrates and this is not in accord with American ideals. If Capital deserts, industry is destroyed. Capi-

tal demands safety and profit. Any attempt to restrict freedom in business is likely to cut down profits, and incur Capital's strenuous opposition. Less government in business is the slogan of Capital and it means that Capital will evade all regulation, as it always has, or will control the regulators. *Capital will rule or ruin.* This is not guess work—it is fact. We are where we are today because Capital has insisted upon doing as it pleases regardless of restraint. Witness the evasion of the Sherman Anti-Trust law and the building up of holding companies, mergers, and monopolies against the express will of the people. The Capital has passed into the hands of a few, and now the income is also concentrated. The common man has lost buying power, and even the capitalist has encompassed his own ruin. But he will not give in to re-adjust the distribution of the income. We cannot control Capital, and yet its control is necessary to the success of the Affirmative plan.

Third, this leaves us *Management*, or the actual direction of industry. Management controls industry today. The Affirmative proposes to take over the control exercised by Management to a certain extent and place it in the hands of a centralized body or board. The Affirmative say that control of production and prices and such functions as the detailed work of planning production and its sale and distribution is not what they mean by Control of Industry. Very well, we understand that they realize that to control these things they must also control consumption and that is impossible. They also realize that were it possible

it would not be desirable. They say they will have nothing to do with this type of centralized control as it has already failed in principle and practice. However, we shall show that they cannot avoid limiting production and manipulating prices, even with their plan of credit control and federal incorporation and licensing.

If we are to have credit control we must proceed upon a basis of mere national control. We cannot affect other countries enough to control their credit and finances. Unless we shut them out of our markets we cannot control our own industry. This means that the first step in credit control is a prohibitive tariff. If we can shut out foreign goods we have a better chance of maintaining a balance between our money value and our products. Unless we can maintain this balance we cannot control credit. If our money shifts in value or increases or decreases in amount because of foreign trade, our credit basis shifts, and we are obliged to keep trying to adjust.

Any attempt to limit the American producer to the home market cuts off foreign trade and business expansion beyond domestic need. Capital will rebel at this, and if it submitted it would have to reduce production and men would be thrown out of employment. National credit control implies within its very nature the limiting of production to domestic trade. As we know the tariff also is a great price fixer and adjuster. Under its protection we pay more than we would in the free trade market. Thus you see the Affirmative

cannot escape control of production and an arbitrary tampering with prices.

Foreign trade is ten per cent of the American trade—not a large proportion—but it is the margin of success and failure in business. Also ten per cent of our trade furnishes a lot of needed employment. We cannot stabilize without world coöperation and retain foreign trade—how then are we to have National Credit Control?

The Affirmative cannot solve the situation by hitting at superficial things. They must get down to causes and down to the problems of management. Management is willing to be shown. This is a time of self-condemnation and inward castigation. Business would like to go ahead and have good times, but it does not see how it is to be managed in the face of world conditions. How are we to find men wise enough to be the National Economic Council when our best business minds are already in a quandary as to what should be done?

Men are out of work because there is over-production and a falling market. There is over-production because there is no buying power at home or abroad. This was brought on by credit and monetary troubles, by speculation and piling up of indebtedness and the consequent crash—in other words, by the business cycle. How is centralized control going to affect the business cycle?

The business cycle cannot be controlled until we find a way to prevent fluctuation in values—change in the relationship of the price of commodities and the

value of purchasing power of money. Yesterday a dollar bought a bushel of wheat, today it will buy over two bushels, for a time, four bushels. This ruins the farmer. How will Centralized Control of Industry affect this? Yesterday an orange grove paid an income to justify a valuation of from twenty-five hundred to three thousand dollars an acre. Today it will not pay interest on more than a thousand dollars an acre—if it does that well. What happens to the man who bought at a high price and gave a mortgage? Today the grove is not worth the mortgage—then what? *Ruin.* What shall we do about this? How shall we stabilize values and at what level, and just how is credit control going to do it? The control of industry requires the stabilization of values or we can never make production and consumption meet. For instance, the centralized control may estimate that we need one hundred thirty million pairs of shoes annually, but suppose the price rises (as it often does) from five dollars to eight dollars or ten dollars a pair and we cannot sell them because there is a buyer's strike—which also often happens—then what? Who is to take the loss for the centralized control's mistakes of judgment—the public? the producer? the employee? Can government take the strain in the treasury without increasing taxes or plunging into deficits? Will not the producer go broke, drag down the banker with him and throw his men out of employment? Should the management of capital take the risks? If government manages and does not take the risk—then what?

Manifestly we must control the relationship be-

tween money and the fluctuation in value of commodities. This is also true of land, stocks, bonds; all property. If we capitalize a company at half a million, tomorrow its stock may be worth only two hundred fifty thousand dollars or even one hundred thousand dollars or fifty thousand dollars. Then the remainder of the original stock represents fictitious value or water. Later the company may in prosperous times be worth a million instead of a half million or maybe a million and a half or two million. Instead of giving extra dividends it issues more stock to reduce the per cent of dividend to a reasonable rate. Then the business cycle turns round again and the added stock is all water upon which the business must pay dividends and this brings failure and ruin. How are we to manage these problems and sustain buying power and employment?

The entire problem is one of finding a way of *stabilizing business conditions and values*. If this could be done we would not need to worry over the matter of production and consumption, or the Centralized Control of Industry. We shall await with interest the Affirmative's plan to meet this situation.

Second Affirmative University of Redlands

LADIES AND GENTLEMEN: We find ourselves in agreement with the Negative as to the issue of this debate: Will Centralized Control of Industry solve our problems, or the major evils? If so, it should be

adopted; if not, abandoned. We shall attempt to show that that credit control operated by a National Economic Council will better our situation considerably. If the Negative does not like our plan they must show why it will not work. If the Negative has a plan they think is better, as they seem to hint in their discussion of monetary and commodity values, then let them by all means advance it. And if they do advance any such plan they must assume a burden of proof and give evidence for their plan. They cannot merely mention it in the closing minute of argument and expect it to stand.

We find we are in agreement with the Negative as to the real cause of our trouble today—"Mal-adjustment in the financial and banking system." We are told that it is our duty to solve this difficulty by Centralized Control of Industry. That is precisely what we purpose to do in advancing a system of credit control.

Before we enter definitely into our plan, however, let us consider the refutation in general of our opponent against Centralized Control of Industry. The first Negative speaker says that we must control Labor, Capital, and Management. He implies that the only way to control Labor is by fiat or command, or by giving them everything they want in the way of high wages and shorter hours, or we must face political unrest. We deny this absolutely. Labor is positively and absolutely controlled today by money and credit. Men must live by work and wages or by accumulated wealth or by charity. Nor do they rebel or turn red

in adversity as we who are passing through this depression know. Of course they will vote, and they may vote blindly. They may blame the administration and the President and insist upon a change when we all know that the President has had no real control over the situation. However, under the plan which we advocate there will be a place to fix responsibility. The National Economic Council will be held responsible, and its policy will be subject to politics. This Council will be under the control of the people. We believe that that is right—that that is the essence of democracy. Nor do we think it will create an upheaval at election time. Even if it did, we should not be any worse off than we are now under the ungoverned business cycle. At least we should know when to look for unsettled conditions and we should not be taken by surprise as we are now, and that would be something gained at least. We believe that the broad general policies would soon become so fixed that any great upheaval at an election time would be an absurdity.

Next, the gentlemen say that Capital cannot be controlled. It is controlled. Today it is manipulated at will by a few men who are not at all responsible to the people by any law, custom or method yet devised. We maintain that the control of Capital can be taken out of the hands of a few inordinately rich men who have been ruling our destiny by the very force of financial power, and that this financial power can be operated for the benefit of the public rather than for the aggrandizement of the special few. If that be

heresy, Socialism, or disloyalty to the principle of individual liberty in America—make the most of it. At least it is common sense and must come to pass if we are to avoid red riot and revolution, Communism and such social experiments in the near future. Great as is the patience, and the stamina of the American people, we cannot survive many more such panics as the present one. If Capital cannot see the handwriting on the wall, and is not willing to consent to a certain amount of regulation and control then their blood and that of the people will be on their hands. The right of man to work for a living at a decent living wage is and must be supreme, and if under the present system it cannot be successfully maintained then that civilization that we know is destined to go down. Capital can and must be controlled.

Nor is there much danger that it will migrate. America has the real market of the world. What shall it profit the capitalist to migrate and lose his market? The negative speaker pointed out that tariff could keep out the foreign product. Then how is the capitalist to live if he migrates? He may meet much worse conditions than some sensible regulations. Capital is timid, and is not likely to rush off to foreign countries without any guarantee of safety or protection.

And now management—how shall we control it? Management is also ruled by money power. Business is done as my colleague has shown, on credit—over ninety per cent of it. The control of the banking situation is the key to industry. Inasmuch as the debate is over the management of industry, let us turn now to

the outline of our plan of control, discussing the problems and issues of the debate as they arise.

As my colleague has indicated we propose to establish a National Economic Council as the centralized authority. Under this Council we suggest three subsidiary boards or bureaus through which it shall proceed. It will also have the right to suggest various kinds of legislation as our commissions do at the present time to care for problems that arise beyond its authorization or grant of power.

First, we propose to strengthen the Federal Reserve Board, and to require all banks of deposit to join the system and abide by its rules and regulations. The obvious advantage of this is to avoid bank failures, and to control the interest rates of credit, and other matters that are pertinent. One big financial system means that we shall have every bank as strong as Uncle Sam. The bank of England—also the system of Canada, where there has been almost no bank failures in ten years time, whereas we had about three thousand in 1931 alone to say nothing of a decrease of nine thousand banks in ten years; many through failure and disaster to their communities—demonstrates the wisdom of this move. We do not mean to take the banker out of his bank. He may still invest his money in bank stock but he cannot run a bank absolutely as he pleases. Money is a public utility and we propose to treat it as such. The Head of the Federal Reserve Board will be a member of the National Economic Council.

Second, we propose to have a bureau of incorpora-

tion and business license under the National Economic Council. There are many reasons for this. At present we have a divided control exercised by the states, bidding against each other with lax laws for the license and incorporation of businesses that engage in interstate commerce regardless of the laws of the other states. There is a margin of non-control between state and nation here that has been a big disadvantage in dealing with the trust problem. We can abolish this with federal incorporation, and can regulate the holding company, the merger, the capitalization, the disposition of surplus profits—in fact, through federal incorporation with power to charter or revoke, the federal government can centralize and dominate the industrial corporations, and the financial institutions outside the banking realm. As surplus from corporations financed the stock boom of 1928-29, it is essential that centralized control gain power over the possibilities of credit outside the Federal Reserve System especially since this boom was financed against the advice and expressed will of the Federal Reserve System. Once the Federal Reserve is master of all the credit possibilities, stock gambling on Wall Street and in the Chicago Board of Trade in grain can be definitely controlled.

Third, we propose that a single Bureau of Statistics be established in which the present agencies (about thirty of them in various governmental departments) shall be merged. These statistics will be needed to guide the National Economic Council in forming trade and business policies. Statistics on volume of business

and credit demand will be of the utmost value. Carl Snyder, of the Federal Reserve System, has discovered that business in America over a long period of years grew at the rate of four per cent a year. He also discovered that when the expansion of credit kept pace with the business expansion, or remained at the same rate, that we had prosperous times. Whenever the credit facilities expanded beyond the needs of business we had a boom period—high prices, inflated values, speculation, increasing indebtedness until a crash came and depression resulted with deflated values, low prices, and hard times. We propose that all credit transactions and loans shall be registered with the bureau of statistics in order that we may know at all times the rate of credit expansion so that it may be compared to the rate of business expansion. If we can prevent speculation by contracting and expanding credit, we can regulate the business cycle and bring it under a reasonable measure of control.

How can we do this? By raising or lowering the rate of interest on loans; by doing the same with the re-discount rate; by expanding and contracting the amount of currency in circulation; by refusing loans where the risk is too great; and by various like methods known to finance. *What will this accomplish?* Take for instance a line of business which the statistical bureau shows to be over-producing or nearing it. The National Economic Council can order the rate raised for that industry and can thus discourage new industrial concerns from entering that field, and can, through the withdrawal of credit naturally involved in

an increased rate, retard the production in the field to the reasonable expectations of consumption.

There will be no change in the method of making loans. Character and security will still obtain, and the same banker will be on the job. He must, however, abide by the rules and the borrower will be forced to heed the facts because of the difficulties of obtaining credit when the risk is great. We have thus taken advantage of a natural financial law. There will be no more dictation in financial matters than there is today, but the government will do it—not private bankers in Wall Street. Moreover, it will be done in the interests of the public welfare.

Finally, the National Economic Council and its subsidiaries will be under the control of the people through the President, who will select its personnel, and through the Senate which shall ratify the appointments. This fits in with our democratic ideals, and makes the whole system responsive to the will of the people. If we do not like the way the system is administered, we shall have the right to express that disapproval at the ballot box.

Also the facts about the business situation which the Statistical Bureau will have available should be of great value to individual business men. The banking system will be designed for business service and not for the benefit of the speculators or for the personal aggrandizement of the stockholders and managers.

Another important element of the centralized control will be the power over the distribution of income from industry that will be in the hands of the National

Economic Council. They will be able to compel a minimum wage. Moreover, they will be able to compel profit sharing when a business is making money. They will be able to control the expansion of the business, the amount spent for upkeep and dividends. They could if it were found desirable compel unemployment insurance, old age pensions, and other social advantages.

By the power of taxation they could direct a part of the surplus into the federal treasury to be used for public improvements, thus giving the entire public the benefit of the increased efficiency in industry, which under our present system goes largely into the aggrandizement of the wealthy owners of big businesses.

What we need is buying power—a better distribution of the income from industry. The federal government could easily accomplish this through incorporation and license. According to the best available statistics sixty-five per cent of the wage earners get less than a decent living wage in this country. This ought not to be. The increased standard of living must be shared more widely. Business will be prosperous only when our consumption of goods justifies production and employment of labor.

The farmer, who has been most neglected under the present system of rewarding labor and enterprise, will share in the general prosperity when there is more money to spend for his products. A wise credit policy will ultimately place agriculture upon a paying basis. It may be that we shall cultivate more or less ground

—that will have to be figured upon a financial basis and left to the possibilities of credit.

We do not claim that our plan is a panacea for all ills or that it will work miracles, but we are convinced that it will improve our situation. We believe that it will forestall the inevitable "red," and protect us from Communism. We do feel that a reconstructed Capitalism, better fitted to the needs of the common man has a chance to survive, and it is for this that we plead. We believe in individual enterprise and individual property right, but we think the time has come to safeguard the interests of the common man and insure justice to all. We believe that the American people are tired of the ever recurring business panic and that something must be done. That something should be *Centralized Control of Industry*.

Second Negative University of Redlands

LADIES AND GENTLEMEN: Allow me first of all to compliment the Affirmative on the adroit way they have sidestepped all the real difficulties involved in their plan of action and have managed to make it appear logical and practicable. On first thought I found myself almost convinced, and had I not made a study of this question, I might have admitted their contentions. For fear that you who have not studied the question will accept what they have said at full value and thus be misled, I am going to take up their scheme and analyze it, pointing out to you the fallacies and diffi-

culties which they have not met; which they have glossed over and concealed.

As I understand their plan they are going to have a National Economic Council, which will work through three subsidiary commissions or bureaus, namely: A Bureau of Statistics, a Bureau of Incorporation and License, and a strengthened Federal Reserve System. They have indicated the scope of the activities of each of these divisions of the machinery of Centralized Control, and it is here that I wish to begin analyzing. Let us take these divisions in turn, and inquire into their powers and functions.

First, *The Statistical Bureau*. The Affirmative have placed a great deal of faith in the value of statistics. They feel that all they have to do is to gather statistics upon the amount of credit used and upon the amount of business transacted, and upon these figures regulate the proportion of credit to the rate of business growth. This sounds simple, but is it? It sounds easy, but is it? Arriving at such figures for a country with the magnitude of the United States is a gigantic and almost superhuman task. It is full of endless complications. It is full of the necessity of judging at every turn the relationship of one set of facts and figures to another set, and whenever human judgment enters in the possibilities of error grow in geometrical progression. What will be the result? When the final figures are arrived at, there can always be more than one interpretation of their meaning. This fact implies many lines of action may be followed depending upon the interpretation chosen. Tremendous mistakes of judgment will

then follow in making recommendations and adopting policies. The wrong policy may bring disaster and panic such as we have never known. The fact is, there is no absolute and certain virtue in statistics. They may be of great value and they may be worthless after millions of dollars are spent in collecting them. We cannot pin our faith upon them absolutely.

Second, *The Bureau of Incorporation*. Here again I must compliment the Affirmative upon an adroit move. Usually in meeting a credit control case all the Negative has to do is to show that the banks and the strengthened Federal Reserve System do not include all the credit—that the industrial and financial corporations outside the banks control a large proportion, and that credit control fails because it does not cover the entire field of credit. The gentlemen, perceiving that control of the banks in a Federal Reserve System is not enough, have sought control of the outside credit through Federal Incorporation. However, let me point out one extremely significant fact—the gentlemen have stretched the meaning of incorporation and business license so far that they are unrecognizable.

When one incorporates a company he applies for a charter to do business and pays a fee. The same thing is true of a license. It is merely a permit to do business. Yet the gentlemen propose to write into the charter or license just how the business must be conducted. They intend to compel a minimum wage, profit sharing, control and division of the surplus earnings, and innumerable things such as social insurance when granting the charter or license upon pain of re-

voking the permit. These matters are usually thought of as legislation, not as incorporation details. In fact, it would be impossible to forecast, when granting a charter, just what rules and legislation would be needed ultimately. Yet the gentlemen are going to attempt it. We fear they are somewhat idealistic if not absurd. They are trying to do the impossible and the revolutionary.

It is true that capitalization, the amount the company is to issue in capital stock, preferred and common, are matters of charter privilege. It is true that one state may charter corporations that are offensive in interstate commerce to other states. Let us examine these two things.

The federal government does have control of interstate commerce but it has allowed the states to keep the incorporation function. The government regulates interstate commerce, and does it in such a way that there has been little complaint. The states are not without defense, and may tax foreign corporations and require them to meet certain conditions before they can do business in the states at large, so there is not sufficient reason for the demand for federal incorporation here or we should have had it long ago. It is evidently a debate device to get control of the outside credit to make their plan look consistent.

Now as to the matter of capitalization. They propose to eliminate the watered stock, and thus regulate the amount there is to sell on the stock exchange; the amount there is to pay dividends on. It is true that there arises a lot of dishonesty here in the business

world, but it is not going to be a simple and easy thing to handle it. My colleague has already pointed out the reason. Suppose a company proposes to capitalize at two hundred thousand dollars and their actual investment or physical valuation is only one hundred twenty-five thousand dollars. The rest is water. This can be controlled at the time of granting charter, and the capitalization can be reduced. But suppose further that the company is prosperous, that it makes enough money annually in good years to pay good wages to its employees and a fifty or sixty per cent dividend on all its stock and still has an undivided surplus. This is of course an extremely big dividend but it has happened many times in the business world. Suppose the company decides to reorganize. Upon a basis of its showing it is allowed a much larger capitalization. The stock is sold and part of the money is invested in further plant facilities and part returned to the original investors, and part used to buy up smaller competitors. The company can pay a good dividend on this larger capitalization, and is, therefore, worth its new capitalization. Then suppose again, panic and depression arrive. The company cannot pay dividends—it passes them. It reduces its production and throws men out of employment. The value of its stock drops from above par to fifteen or twenty cents on the dollar. At this valuation four-fifths of its stock is water. The people who bought it in good faith, or in a speculative mood, have lost heavily on their investment. Are they going to blame the Bureau of Incorporation for allowing the company to issue so much stock? How are we

going to tell what the capitalization of a company should be, or whether it should be allowed to enlarge? As a matter of fact it is an impossible task unless we have absolute stationary values.

We are back again to the thing we have insisted upon from the beginning. We are face to face with changing values. Now remember that this wide variation in values must be multiplied many times when we consider the number of corporations in business, and that all this fluctuation of value will be reflected in credit needs—and that the Affirmative's credit control must be prepared to absorb and care for all this inflation and deflation unless it can prevent fluctuation. We shall come back to this proposition again. Suffice it to say, that after all, perhaps the Affirmative is accepting a lot of grief for their Bureau of Corporations and National Economic Council, before this situation is solved satisfactorily.

Third, *The Federal Reserve*. Up to the present time the Federal Reserve System has refused to make any attempts toward credit control. They have regarded it as an unsound proposition and have frequently said so. The Affirmative, of course, urge that the Reserve System is not now in a position to handle credit control, but that things will be different when it is strengthened and reorganized as they plan it. Let us see.

The Federal Reserve System was organized to give us a flexible currency, and at the time it was felt that we had solved the panic problem and would never have another. However in 1921 we found out that a finan-

cial panic was still possible. A flexible currency is a fine thing and necessary, but we need something more to prevent panics. The Affirmative say it is a flexible flow of credit that we need since credit and money are practically the same thing. Now let us consider the difficulty in maintaining a flexible flow of credit.

It is figured that we can base ten dollars worth of credit on every dollar of money in the country and do it safely. If we multiply our six billions of currency by ten we have sixty billions of credit to care for and the fluctuation will be consequently greater, so you see something of the magnitude of the problem that the Federal Reserve system will face under the Affirmative plan, and we have not provided for growth in the future. These are present figures.

Now, if for any reason such as change in the value of money in relation to commodities, the amount of credit extended rises over night in a crisis from ten dollars of credit to fifteen or twenty on the dollar, we shall face a situation well nigh impossible for the Federal Reserve to handle and still remain solvent. For, remember, that the first duty of a bank is to maintain a reserve behind its obligations. The Reserve System in such a crash would find its reserves inadequate, and it would have to look to the safety of the banks and their deposits, and abandon all thought of credit control and let the smash come.

Now further, behind all currency upon which we are going to base our credit, lies a gold reserve and it is only part of the currency value—it does not cover it all. Gold is a commodity. Suppose for some reason

the value of gold changes (as it does frequently) and our supply behind our currency that is kept in the United States Treasury becomes inadequate. This will topple the whole credit structure based on the currency.

You see the whole principle of the reserve system is safety, and that a reserve cannot be maintained in the face of credit control demands when the real period of stress comes. The secret of the whole trouble is the change in values, and this is not always occasioned by speculation and indebtedness. It is also induced by over-production, lack of consumption, over-expansion of productive capacity or over-investment. In fact, the ten per cent of our commerce which is foreign might seriously affect our gold reserve, and change the amount of money behind our credit structure. It doesn't take much to topple over the entire pyramid and initiate a period of deflation and depression such as we are now in. Spahr says in his book on the Federal Reserve System and Control of Credit that "The ideal of stabilization cannot be followed until a way is found to free a country from the control which gold reserves now exercise over a nation's credit policy."

So we find we are up against the gold standard (internationally approved), and credit control and the reserve system are diametrically opposed. As long as times are good we may have a semblance of credit control, but in the long run we cannot escape the depression half of the business cycle. Here the strain will be too great and we cannot expand credit enough on a safe and conservative basis to handle the situation.

The National Economic Council, then, will find itself in an untenable position, in which ability, judgment, and power will be insufficient.

What is the answer? Must we despair? If we depend upon credit control and a National Economic Council we may well despair. Why hand over all this power in a grand and glorious experiment bound to fail in the end? Why not do something about the thing that controls the value of money and its fluctuation? Is not this the real crux of the situation?

Instead of trying to stabilize prices through credit control, *why not stabilize the dollar*—why not seek a way to give it a constant relationship in its purchasing power to all other commodities? To do this we must change the monetary basis. Money is a means of exchange. It has no real value otherwise except that gold and silver have commodity value. And this very commodity value helps upset things as it changes in relation to other commodities.

If there is too much wheat the price per bushel goes down. Likewise if there is too much gold or silver, the price per ounce goes down. Then money will buy less. If money is scarce, its value goes up and it will buy more. Our trouble is that it is constantly changing in relation to other things which are supreme needs in human life such as food, clothing, and the raw materials and land behind them.

Professor Irving Fisher has suggested that we place our money on a commodity basis—that is place it upon the real wealth of our country and not merely upon one commodity such as gold. If we took several hundred

commodities and averaged them, thus obtaining an index number that represented an average valuation for money and established our money on that standard the relationship of money to commodities would remain relatively fixed. There would be very little variation between money and commodities, as the value of money would change with the average of the commodities only. Upon such a basis as this we could get away from wide extremes of fluctuation, and overproduction and fluctuation in one or two commodities could not destroy our whole credit structure as at present.

We could make this change in our monetary system and practically solve our inflation and deflation trouble, thus getting control of the business cycle and achieving stabilization. Many economists favor this action, and we could carry it out without any Centralized Control of Industry. We need only change our monetary basis by legislation. Our wealth is in land and commodities and this action would place our entire wealth behind our money. We need not abandon gold as a medium of exchange—we can figure it in as a commodity, and place our currency on the index value of all commodities. The amount of gold behind each currency dollar would vary with the value of the commodity dollar. The Negative believe that this is a much better method of solving our problem than the adoption of Centralized Control of Industry through credit control.

First Negative Rebuttal
University of Redlands

LADIES AND GENTLEMEN: My colleague has taken up in detail the three subsidiary boards proposed by the Affirmative and has shown you where the element of failure lies in each. He has shown you that credit control, the main proposal of the Affirmative, is not sound—that changing values will wreck it; that it is impossible to maintain safe reserves and still control credit in times of stress; that the influence of the flow of gold from one country to another because of foreign trade holds dangers for credit control; and that the system will not work.

In the time at my disposal I would like to take up the National Economic Council, which the Affirmative propose, and show you that it is an undesirable commission.

To begin with, the Affirmative plan entrusts the Economic Council with too much power—arbitrary power. Such a delegation of power over the entire financial and business world is unheard of, short of absolute despotism or Communism. As a matter of fact the Affirmative plan is the first step toward Communism. Take this step and you must logically take the next and the goal is absolute ownership of everything by the state. The Affirmative proposal is to give the Economic Council control over the destiny of every commercial enterprise in the country of any consequence. It is true the plan does not require govern-

ment ownership, but it does give the Economic Council the power to make or break any company or even an entire industry.

For instance, any business can reach the place where a loan is a necessity. The business may be perfectly sound and the loan the best business method in the world to keep production and employment going. It may be a situation where the end justifies the means. In fact, that is what credit is for—to keep business going. But suppose the Economic Council decides against the loan to this particular company, saying that there is already over-production in the field. The company has to retrench, throw men out of employment—perhaps go through bankruptcy because it cannot afford the high price for credit. The stockholders lose a profitable business, maybe the savings of a life time that they have invested all because too much power is vested in a government Council. Left alone some banker with confidence in the concern would tide them through with a loan and insure financial success.

Take another example. A new invention will revolutionize the industry and make it more efficient. One company desires a loan in order to reorganize, install the new machinery, and reap the benefits of initiative. The Economic Council decides that this will force other concerns to the wall which are less efficient or desire to go on in the old way and refuses a loan. Then how are we to progress? Or, suppose they favor improvement and grant the loan, then the other companies will want loans, but with the increased efficiency they are not all needed. Who is to say which ones get the loans

and which retire? Shall we allow the Economic Council to force companies out of business at will, or whim, or caprice, or what have you? Either we protect inefficiency and stop progress, or we deal out favoritism and injustice? Take your choice. A pleasant prospect isn't it?

We maintain that this is too much power to hand over to any government commission. *It means lock-step civilization.* There will be constant injustice in the manipulation of interest rates and business opportunity. Our freedom of enterprise will be gone. The arbitrary limitations that will be placed upon investment, upon profit, and upon the conduct of business will be intolerable in a free country. The Economic Council will have to have an army of investigators, appraisers, and experts in every line of industry or fail for lack of knowledge and time to consider the many problems that will arise. The whole scheme is unwieldy, bureaucratic, and tyrannical. It reminds me of the words of the immortal Hamlet: it

“makes us rather bear those ills we have
than fly to others that we know not of.”

Ladies and gentlemen, do you feel that you want to take the chance? We do not believe it wise, my colleague and I, when we may arrive at stabilization by a more positive method. Why risk our all on the wisdom and ability of a group of Economic Councilmen, when an automatic change that is certain to treat all alike is possible in our monetary system—a change

that will stop the fluctuation in values—that will put an end to inflation and deflation.

First Affirmative Rebuttal
University of Redlands

LADIES AND GENTLEMEN: My opponent, who has just left the floor has made a most interesting appeal to your fear of Communism, tyranny and injustice, and "lock-step civilization." But just what are we in now? Are we not in the toils of a system just as bad? Do not a few men control our lives, our fortunes, and our sacred business opportunities now? Are not the days gone when a poor man could start a business and succeed with practically no capital? Does not the man who controls credit today rule your destiny and mine? And what have the giants of big business done to us—put us into the worst panic in the history of civilization—a world wide debacle!

What about our ten million men out of work—clamoring for a chance to make a decent living for themselves and families and finding it impossible? What about the soup kitchens and bread lines—the wholesale charity and the doles to these helpless unfortunates! If we go on with a system like this, the next panic will be worse until we reach rebellion and the Communism the gentleman fears so much. He would rather "bear the ills we have than fly to others that we know not of." With the present system he is likely to get *both*. We prefer to trust the efforts of a government agency created purposely to look after

the common welfare, than remain the wage slaves of a system such as ours. We'd rather trust the Economic Council than the modern Capitalists, whose selfishness and blunders, under the guise of individual initiative, have put us where we are and threaten our future with things much worse. After all it is a matter of choice. You may have yours—we have ours.

The second speaker of the Negative has done exactly what my colleague predicted—suggested in the last minute or two of his speech a counterplan. We have spent the whole debate upon our plan and its foundations. The Negative have spent their time objecting to our plan, and then in the last minute suggest a plan without assuming any burden of proof or advancing any evidence in favor of it. I believe he did say that Professor Irving Fisher and some economists whom he did not mention favored it. I am going to leave the answer to his plan to my colleague, for I wish during my speech to simmer the argument down to a contest between these two plans of achieving stabilization.

I do not have time to take up all the arguments the Negative have advanced against our plan, but I shall mention a few. The attack on the Statistical Bureau was superficial and deceitful. We all know that there are several commercial statistical organizations in that field which are being paid huge sums for their services by business men. Statistics have much value.

The attack on the Federal Incorporation was inconsequential. It admitted that the federal government, the authority over interstate commerce, could

and should charter such corporations and businesses. He doubts the effectiveness of incorporation laws working much change for social betterment, and said it was not usual to do it that way. That does not condemn it or answer its effectiveness. Perhaps we could not prevent all the stock-watering but we could at least make the intentional and dishonest practices no longer valid. We do not expect perfection, but we do expect to better conditions. I think the gentleman was disappointed because we had found a method of controlling the credit outside of banks and spoiled one of his victory arguments.

Now as to the Federal Reserve System and Credit Control—Last fall (1931) the LaFollette Committee of the United States Senate held hearings on the establishment of a National Economic Council. We have gone through these hearings, and we have found several Economists, notably Mr. Virgil Jordan, Mr. Ralph E. Flanders, and others advocating that credit control was the proper action for the Economic Council to take in stabilizing business. Walter Spahr, whom the gentleman quoted says on page 125 of his book on the Federal Reserve System, "It seems safe to say that the predominant opinion of those persons competent to judge is in favor of attempting to stabilize the price level, and that one of the best means of securing this stabilization is through the control of credit. While there is some difference of opinion regarding this contention, the opposition appears to be relatively unimportant."

Neither Mr. Spahr nor the gentlemen who appeared

before the LaFollette Committee championed the Negative's method of stabilization—a change from the gold standard to the commodity basis for our money. They did favor credit control. Mr. Spahr says the opposition appears to be relatively unimportant and this is our opinion of the Negative objections to credit control. Mr. Spahr discussed all the negative arguments in his book before he made the statement that we quoted, so we have his opinion of them. In fact the Negative got its gold reserve argument from Mr. Spahr's book.

The fact is that credit control is recognized as the potent way to stop the change in valuation that the Negative has made so much of in this debate, so we feel that in choosing between their plan and ours the weight of authority rests with us. Ours is a comprehensive system that offers much. Theirs is a legislative change that lacks much of meeting the entire situation. For these reasons we still urge your approval of Centralized Control of Industry through the plan that we have presented.

Second Negative Rebuttal University of Redlands

LADIES AND GENTLEMEN: The issue of this debate now lies, as the speaker who just left the floor said, between the Affirmative plan and the Negative method of obtaining stabilization by changing the monetary basis. I have just been accused of advocating this legislative change from the gold basis to the commodity

basis as a last minute proposition with no evidence in support. Ladies and Gentlemen, my colleague and I have spent our entire time analyzing the present situation in this country in order to show you what kind of a remedy is needed, and in order to show you how the Affirmative remedy fails. This is our negative duty and must be fulfilled. We have done this first. What time we have left we have given to the advancement of a plan which we think is much better than the Affirmative proposition. Everything that we said laid a foundation for our plan—in fact our whole argument led to our plan. It is a sort of a cap sheaf to the entire argument. In our judgment it does not require a great deal of supporting evidence—it follows logically upon the kind of reasoning we have done in this debate.

I suppose my opponent wants me to quote a lot of authorities who favor it, and all that sort of thing. I notice, however, that he advanced no arguments against the Negative plan, except the remark that we had given no supporting evidence and had not devoted a great deal of time to the statement of our exact plan. As I have said it does not need it, and until he attacks our plan I have nothing to refute and the plan stands. He has offered no reason why it will not work. As a matter of fact he cannot for he knows it is working in part today. Our bank-notes today are backed in part by commercial paper representing commodities, and not entirely backed by gold reserve. Our opponents know that our plan is sound and practicable. That is why he did not attack. He said his colleague would answer our plan. Allow me to point out that

we have no further rebuttal speech and that the gentlemen in reserving what they have to say about our plan until we have no opportunity to answer, are taking all the advantage the rules of debate will permit. Why? Possibly because they are afraid we could easily answer their refutation—possibly because they have no answer!

Let us compare these two plans. Let us sum them up that we may be in better position to decide between them. We have agreed in this debate that stabilization of business conditions is the goal we are seeking, in order that we may recover from depression and stay out permanently, and in order that employment may be given again to the millions out of work, and that there may through wages be buying power to end this gigantic plethora of production. The Affirmative wish to solve this problem with credit control operated by a National Economic Council with three bureaus through which they may rule the country with a sort of business oligarchy, which they insist will be beneficent, but which we have pointed out is likely to be tyrannical and dangerous and the first step to Communism. We have likewise pointed out that the problems these three subsidiary bureaus face are not so simple that they will yield easily to the means the Affirmative proposes to use. I cannot review all the argument but let me remind you that their main argument—credit control—stands discredited until they answer the argument we advanced about the gold reserve upon which credit is based. We showed that the gold reserve may ebb and flow—that it is an inconstant factor, and may be taken

from us by other countries. We also showed that if every ounce of gold remained in the Federal Reserve vaults and in the United States Treasury, that changes in the value of the money or the gold with reference to commodities could reduce our reserves upon which credit is based. Without the loss of a single dollar, our reserves could be reduced until we had far too much credit based upon our money for safety. You know what this means—runs on the bank—demands for payment in gold—the possibility of a far greater debacle than any panic we have ever faced. We have shown that credit control would break down—could not be maintained in the face of such conditions.

Now, on the other hand, we have shown you that a National Economic Council is not necessary with all the other machinery that it entails, because we can arrange to keep the value of money in a constant relationship with the commodities it must buy for us by making a change from the gold standard to a commodity standard—in other words stabilizing the dollar—adopting the index dollar. We have shown you that this is as sound a proposition as the resources of our country, for it puts all our resources behind our money. There is nothing dangerous or unstable about it. We can accomplish it through legislation, and can avoid adopting all this dangerous and experimental machinery the Affirmative advocate. We can dodge the risks involved in bureaucratic rule. Certainly we do not want Centralized Control of Industry if it can be avoided. We want freedom of action, individual initiative, and business without government interference.

We want to avoid paternalism. If we can solve this problem of the changing relationship of values between money and commodities, which is our real trouble without running the risk of bureaus and commissions that may do the wrong thing, why do we not take the simpler solution, the safer and more democratic plan? It is our firm belief that we should depend as little as possible upon government for business direction. The whole attitude upon which the Affirmative plan is based is wrong. Government ought not to be supporting the people, running their businesses for them—the people should support the government. Government is to maintain order and safeguard society, so that the citizens may live and work in peace. We pay taxes that we may support social organization. It is not the function of government to direct business in this country and certainly government should not attempt to run the most significant and important business we have, *banking and finance*.

Ladies and Gentlemen, my time is gone and I must leave you with this final admonition—let us beware of centralization of power as long as we have a simpler and easier way out of our difficulties.

Second Affirmative Rebuttal University of Redlands

LADIES AND GENTLEMEN: I shall not take a great deal of your time. I may not use all the time that is allotted me. The debate has narrowed down to a final issue—what about the Negative plan? Will it do all

that the Negative claims for it? I do not know. I think it is a good plan. I am favorably impressed with it. Perhaps this surprises you. Well here goes for another surprise. I am ready to make some admissions that may look very damaging to the Affirmative case at first but please follow me through carefully and see where we come out.

I wish to admit that in attacking credit control in the way that he did, through the gold reserve behind our currency, my opponent has made credit control look rather weak. I wish to admit that my opponent is entirely in the right. His analysis of the weakness in credit control is correct. I know that this is an unusual thing to do in a debate—admit that your opponent has delivered a solar plexus blow at your case—but in debate there are two real aims; training for the speakers in logical delivery and public speaking and losers benefit here as much as winners and second, we aim in a debate to seek truth. We aim if possible to solve a problem as surely and effectively as we can. That is more important than winning a decision.

Now with this as a preface allow me to congratulate my opponent on the knowledge he has shown of credit control and the skill with which he has assailed its great weakness. Permit me further to thank him for the generous and magnificent way also in which he solved that great weakness in credit control. In other words, allow me to thank him for furnishing the Affirmative with exactly what it needed and purposed to use to refute the attack he made on credit control through the gold reserve. Did you not observe that his change

of monetary basis from gold to commodities removes the danger of a fluctuating gold reserve and demolishes the attack he made upon our plan? Do you know what we intend to do—adopt his commodity dollar, as an articulate part of our credit control plan. That is what the National Economic Council, which he fears so greatly would do, just as soon as the dangers he pointed out threatened credit control.

Now you will see why we made no attack upon his plan. We intended from the first to use the commodity dollar to refute the gold reserve argument against credit control but why not let our opponent waste his time and do it for us. It saves us time and saves your time also.

I must of course point out that his monetary scheme merely fits into our plan, it does not rival our plan and cannot take its place. For instance all the benefits that we gain from federal incorporation are impossible in his plan and we pointed out to you many things that we could accomplish for the betterment of industry through federal incorporation. Also we shall reap much benefit from accurate and thorough statistics of business in this country. The advantages of such a service will be great. Moreover, our strengthened Federal Reserve System will give America the kind of banking system that we need; a unified one; a safe one. The Negative suggestion is a good one, as I have admitted, so good that we make a place for it in our plan, and thank the gentlemen for it.

And now the debate is over. We appreciate greatly the interest you have shown in this contest. If there

is to be a decision, it must rest with you. We have enjoyed this little discussion with ourselves, and hope we have not bored you beyond your ability to endure, for we do hope that you will think seriously along the lines of this discussion. We have made an honest effort to present some of the best thought on this subject that we have been able to find. These issues and this reasoning is not ours alone, of course—it is gleaned from the writings of the men who have studied this situation and know whereof they speak. We present the ideas in our own manner, in our own way, and hope that you may profit by them. In the final analysis we hope that you will see the great possibilities for relief from depression, and for a fairer and better industrial organization than we have known in the past, through Centralized Control of Industry.

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WAGE REDUCTIONS RETARD
BUSINESS RECOVERY

Northwest Conference Debate

WAGE REDUCTIONS RETARD BUSINESS RECOVERY

WHITMAN COLLEGE AFFIRMATIVE VS. OREGON STATE COLLEGE

The Northwest Colleges which usually debate the question chosen by the Pacific Coast Conference, decided to discuss the effect of wage reductions on recovery from the business depression during the debate season of 1931-32, instead of the Presidential campaign of 1932, the subject recommended by a committee of the Conference. In addition most of the Northwest Colleges also debated the Pi Kappa Delta National subject, the Control of Industry.

The following debate submitted by Roy C. McCall, Debate Coach at Whitman College, and W. A. Dahlberg, Men's Varsity Debate Coach at Oregon State College, was on the proposition: *Resolved*, that the cutting of wages has retarded the process of recovery from the business depression.

The arguments advanced by the speakers were used in several debates against other colleges of the Northwest in addition to the debate recorded here. The debate proved to be very pertinent, timely, and interesting, and develops well both sides of this extremely important problem. The decision was a tie, the third Judge refusing to vote.

First Affirmative, Harry Lehrer Whitman College

LADIES AND GENTLEMEN: It is indeed a source of great pleasure to us this afternoon, to be able to meet the gentlemen from Oregon State College, and although our accommodations do not in any way equal those

so graciously given to our use in Corvallis, we hope that the warmth of the argument will minimize the discomforts which are usually imposed by an impecunious cultural college.

As the Chairman has already announced to you the subject of our discussion, and has done so in a much more erudite and delightful manner than I could ever hope to, I will dispense with that formality and begin. But before we commence the discussion of such an important, if not interesting, subject, it might be well to pause a moment and reflect on the meaning of some of the words in the statement of the question. Now, obviously the word "retard" means to slow up, so we can skip over that, but when we come to "wage cutting," we find that several interpretations may be given. We might say that "wage cutting" includes unemployment, for surely when you put a man out of work you cut his wages, in fact, you cut them off completely, but in order that we might be fair in our definition and in order that this might remain a verbal, rather than a fistal combat, we will define "wage cutting" as a reduction in the hourly rate of pay. We hope that this will meet with the approval of the gentlemen from Oregon State and that our debate may continue on that definition.

All of you realize that we are in the midst of a depression. It is unnecessary for me to bring before you the disaster, the starvation, and destitution with which we have been afflicted for the past three years. Millions of unemployed, starving families, huge soup lines, and all the other evidences of this dread pestilence

bring to our attention forcefully, the necessity and importance of labor and wages. However, before we can understand the effect of wage-cuts on the continuation of these undesirable conditions, we must go back a few years and trace the causes which led to the predicament in which we found ourselves in 1929. During the so-called prosperous years, from 1923 to 1929, capital was guilty of a bad blunder and now it is paying for it. During these years the productive capacity of labor, that is the average power of labor to produce goods, increased seventeen per cent; however, during this same period, the increase in the buying power of labor (that is the increase in the real wages of labor) amounted to only five per cent. Notice the situation. The increased producing power was equivalent to three times the increased consuming power. Now, labor constitutes a very important part of the consuming public, some authorities crediting it with removing around eighty per cent of all that is produced, and the inability of labor to take off the market that which it properly should, naturally led to disastrous results. Since the increased buying power of labor enabled it to take off the market only one-third of its increased production, a surplus immediately resulted, and on this surplus hinges a great deal. Capital, realizing that the piling up of this surplus was undesirable, looked about for means of removing it and stumbled onto the "installment buying system"—that is, buying on future wages. For a time this scheme worked and aided in the reduction of the surplus, but being based on shaky economic foundations, it collapsed with the crash of

credit, due to the disastrous effects of the fall in the stock market in 1929.

Here was the situation in the beginning of the depression. A huge surplus piled up, due to the failure of capital to increase the real wage in accordance with increased productive ability, and a low buying power, first due to the failure of the real wage to increase in accordance with production ability, and second, to the fact that installment buying had led to mortgaging of future wages, and laborers found themselves with installment contracts on hand, which had to be paid before they could continue to buy. A sad picture, but not beyond hope if proper action could be taken; and here is where capital failed us.

Good times, or conditions of prosperity, may be said to be in operation when production and consumption are balanced, and are on an even keel. Now obviously, the necessary and logical thing to do at this time was to remove the surplus. Since a balance between production and consumption is vital to the continuation of good times it was absolutely necessary to remove the surplus from the market immediately; and how could this be done? Logically, the quickest way to do away with the surplus was to increase buying power by increasing, or at least maintaining the buying power in 1929 and 1930. If this could have been done, the surplus would have been speedily removed, production and consumption would have been balanced and we would have found ourselves in the process of economic recovery. But what did the grand moguls of industry do? Instead of maintaining or even increasing buying

power in order to remove quickly, they cut real wages, thereby decreasing the buying power of labor when it was most important that it be increased or maintained. To illustrate more clearly what actually occurred, allow me to quote you some figures from the *Annalist* for April 8, 1932—these figures were compiled by the Statistical Abstract Company of the United States. These figures show that in December of 1929, the cost of living (based on 1914 as one hundred three) was at one hundred seventy-one and four-tenths, while in December of 1930, it was at one hundred sixty and seven-tenths, thus showing a drop of ten and seven-tenths in the cost of living. However, during this same period, wages dropped twenty and one-tenth being one hundred and four-tenths in 1929 and eighty and three-tenths in 1930. Thus it is readily seen that in the beginning of the depression instead of wages being increased as necessary they were actually decreased. The debate hinges on the word *retard*; if cuts in wages have slowed up the removal of the surplus, as they obviously have, and since the quick removal of the surplus was vital to the continuation of good times, then logically cuts in wages have retarded the return to economic recovery.

Were it only by cuts in the real wage that wage cutting has retarded the return to recovery, this debate might remain a simple argument over whether or not real wages have been cut, but wage cutting has led to other detrimental activity in our economic structure.

Wage cutting has led to reduction of buying power in another manner, and has thereby added to the retard

of economic recovery. It has brought about a psychological fear in the hearts of our working class, which has caused laborers to bank and hoard their money instead of spending it, as they were formerly accustomed to do. Seeing his own and his neighbor's wages cut, the laborer has been beset with a fear of future wage-cuts and in that state of mind has hoarded and banked his money instead of increasing consumption by properly spending it. To illustrate this point it is necessary only to take the example offered by the "Braddock steel" producing region, around Pittsburgh. Although there have been wage-cuts and unemployment has not spared this district, the savings banks of the locality hold nearly four million dollars more than they did in 1929. And according to Mr. George A. Todd, president of one of the Mellon Banks in the region, this money is the savings of workers and not commercial funds awaiting better opportunities for investment. It is important to note, then, in the face of this evidence, that wage-cuts have affected the spending of workers to such an extent as to further decrease the market, at the time when it should be increased, thereby contributing greatly to the retard of the process of economic recovery.

Nor can the condemnation of wage cutting properly rest when we have considered only the actual reduction in buying power through cuts in real wages and through the element of psychological fear. There remains yet a charge against this practice which is extremely important and that is *increasing unemployment*.

Let us consider how wage-cuts have brought in-

creased unemployment about. As we have already attempted to demonstrate to you, wage cutting has decreased buying power in two ways. Now, what has decreased buying power led to? First, a fall in the markets, for naturally if men don't buy there is no market, then if there is no market, producers must cut production. Now in order that production may be cut, producers lay off men. Laying off men serves in turn still further to decrease the market (because unemployed men have no money with which to buy) and thus causes more unemployed through a repetition of the same process. You see the vicious cycle that occurs; a weak market due to decrease in buying power leads manufacturers to cut production. These men who are unemployed cannot buy, therefore, the producer is forced still further to cut production, lay off more men, until we find ourselves in a chaotic condition of unemployment and economic unrest, due principally and originally to the lack of buying power brought about by wage cutting in the two ways we have given you. Now even the gentlemen from Oregon would say that unemployment has retarded the process of economic recovery. Then if wage cutting has increased unemployment, obviously then, wage cutting has been effective in retarding the process of recovery.

We have attempted to show you this afternoon how wage cutting has slowed up the return to normal, first; by actually decreasing real wages when it was necessary that they be maintained, or even increased. Second, by decreasing purchasing power by means of the psychological fear, which has resulted from this prac-

tice, and third, by means of the actual increase in unemployment which may be traced to wage cutting. These are indeed weighty condemnations of the practice, and illustrate clearly, I hope, to our worthy opponents, how wage-cuts have retarded the process of economic recovery.

Now, it would be foolish for us to condemn wage cutting as we have done if the practice were necessary and could not be avoided, as is often argued. But to demonstrate to you that we are not arguing mere theory and that the maintenance of high wages at the beginning of this depression was practical, allow us to quote to you a few statistics substantiating our viewpoint. The *Bankers' Monthly* for March 1931, giving statistics compiled by the Standard Statistic Company, gives us the following interesting figures: "Wages in 1930 were below 1929 by \$707,000,000, yet dividend payments during this period increased by \$350,000,000." To continue, "Wage earners' incomes were cut twelve per cent while the stockholders' increased twenty-eight per cent." These figures in themselves tell you the story. Were wage-cuts necessary? Yes, in order that increased dividends might be paid. Capital robbed labor in order to pay increased dividends to investors.

Proof of this practice abounds, but time permits me only one more example. Quoting this time from the *Federationist* of November 1931:

"In 1930 employees of United States Steel lost \$28,800,000 due to lay-offs and part time work, yet it paid full dividends incurring a deficit of \$22,000,000. In

October of 1931, United States Steel made a wage cut of \$5,000,000 to make up the deficit incurred by paying these dividends." The evidence speaks for itself. Was it necessary that dividend payments should be continued or even increased at the price of the workers' wage? Yet obviously that is what American industry has done.

We have attempted to show you the detrimental effects of wage-cuts—how they have actually retarded the process of economic recovery. Furthermore, in order that we might not debate as did the ancients, as to how many angels could stand on a pin-point, we have given you figures to substantiate our argument that such a drastic and unsound economic policy was unnecessary.

First Negative, George W. Hartley
Oregon State College

LADIES AND GENTLEMEN: First, I wish to thank the Gentlemen from Whitman College for the kind reception they have given us, and then I want to say that we shall try to make them as uncomfortable as possible during the next hour and a half.

Mr. Lehrer would have you believe that he has granted us a distinct favor by deciding to exclude wage losses due to unemployment from this discussion. As a matter of fact he had no choice, for the spirit of the question as well as economic definitions plainly intend the term "wage cutting" to exclude unemployment. The fact that Mr. Lehrer thought he might include

unemployment should of itself breed a healthy skepticism toward everything else that he uttered.

The gentlemen of the Affirmative have told you that wage cutting brought about a psychological fear that caused people to hoard. However, Mr. Lehrer failed to remind you that most of this hoarding is a result of a world depression and cannot be directly attributed to wage-cuts. The very fact that we are in a world-wide depression is enough to cause people to spend less, even though wages had never been affected. And later in our case we shall show you that a wage-cut, instead of increasing hoarding, allows for the continued operation of industry and actually prevents the hoarding that follows when people fear for their very jobs.

Now in regard to this "vicious cycle" of which the Affirmative speaks, and in which they tell you that wage cutting decreases buying power which tends to lower markets; which lowers production, and ultimately to occasion unemployment. Such reasoning is based upon pure assumption and can be done by both sides. Let me paint a vicious cycle also. The arbitrary maintenance of high wages in an economic depression increases production costs which decreases profits, which demands reduced production costs and ultimately leads to unemployment. In other words, we can take the other side of the cycle and draw the same conclusion. Is not my cycle just as valid as that of Mr. Lehrer? The fallacy comes in assuming the first premise to be true. His entire chain of reasoning is based on the assumption that the purchasing power of the people has been decreased. And that statement we

challenge the Affirmative to prove. Before I present the argument showing that the purchasing power has not been decreased, allow me to explain our position in regard to this question.

Mr. Wood and I are as much disturbed by the present economic dislocation of business as are Mr. Lehrer and Mr. Ball. We appreciate the awful significance of having eight million unemployed men smothering every semblance of respectability in the acceptance of charity from their friends. And we would ally ourselves with these gentlemen against any force working contrary to a quick relief from the whole disgusting situation. The question is, "How can we get relief?" How can we best accelerate the return to pleasanter conditions?

In the depression of 1873, wages were ruthlessly cut with no thought of society. No one deliberated; no one questioned the wisdom. In 1893, cuts were again effected though there could be heard a protest and in some instances even by the employers themselves. In 1921 when wages were on the verge of collapse, the protest was more audible still, and in 1931 the surprising thing occurred. Every distinguished leader in industry openly and frankly fought wage reduction. With a sincerity hardly believable these leaders at the Hoover conference of 1930 pledged themselves not to cut wages unless it was absolutely imperative. Articles prepared by these men were published in the most reputable magazines of the country outlining their objections to a wage cutting policy. Henry Ford, the world champion of high

wages, contrary to his whole economic philosophy; contrary to his high wage plan revealed in the Ford-Dodge Case; contrary to his whole European survey which disclosed the value of high wages; this man, I say, cut the money wages of his employees. These men, reluctant wage cutters in every instance, have cut wages and they have done so because they couldn't do otherwise.

Let us bear in mind that leaders of industry, though they are not entirely altruistic in their conduct, neither are they blind. Ford understands that his twenty per cent cut means a drop in the purchase of his cars and a consequent fall in profit. The United States Steel Corporation grasps the meaning of wage slices and the reduction in sales. The Goodyear Tire and Rubber Company knows who buys their tires; they know, and had they been able to sustain industry without cuts they would have done so, if for no other than selfish reasons.

And now just one word of explanation. We hold that this thing called prosperity is a balance between the production and the consumption of goods. Whatever threatens its restoration; whatever stands in the way of realizing that balance retards prosperity. Our stand is that the cutting of money wages has not upset this balance, for the real wage has remained the same and hence the power of consumption remains constant. Further the wage-cut did allow for the continued operation of industry, which operation would not otherwise have been possible. If we succeed in showing this to be true, we would show that not only has wage

cutting not retarded the balance necessary for prosperity, but that it has actually contributed to its more rapid return.

And how has the cut in money wages reduced real wages and the wage earners' power to consume? Contrary to Mr. Lehrer's figures, our answer is that it has not.

A survey in Portland, Oregon, shows a weighted decrease of sixteen per cent in the cost of living and a twelve per cent decrease in wages; in other words, a four per cent increase in real wages. Professor Fisher's index of over two hundred commodity prices showed the purchasing power for 1929 to be one hundred four per cent, in 1931, one hundred thirty-three per cent or a twenty-nine per cent increase in purchasing power. The United States Bureau of Labor said that there had been an average wage per hour decrease of sixteen per cent since 1929 and that the average cost of living fell twenty-five per cent. A survey by a graduate committee of the University of Chicago estimates a fifteen per cent wage reduction and a twenty-five per cent reduction in prices.

There is not a reputable survey in circulation that will tell you otherwise; frankly, there was not one worthy authority who even attempted a refutation of these reports, and my opinion is—(I give it with some modesty)—that if the gentlemen are fair with the evidence, they will admit the issue. Rents have fallen everywhere; food has dropped twenty-five to thirty per cent; furniture has been slashed unmercifully; shoes are sold at one-half their original cost; clothes

have taken a shameful drop,—in prices; in your own grocery store eggs sell for fifteen cents and eighteen cents a dozen as contrasted with thirty-five cents in 1928; butter is twenty-three cents as contrasted with forty cents and forty-five cents in 1928; pork at the butcher shop on your own Main Street at eighteen cents as contrasted with thirty cents and thirty-five cents in 1928. Mr. Dolan, your clothier, sells suits at twenty dollars, which three years ago cost forty dollars. Fuel and light have come down twenty per cent according to the United States Bureau of Labor.

Magnus M. Alexander, president of the National Industrial Conference Board, said in *Forbes Magazine* of last May, "It is childishly absurd to argue that wage rates must be maintained despite reduction in the cost of living; for after all it is the real wage that establishes the standard of living."

And today we have the purchasing power of 1926. The functioning wage earners have it and at least five per cent to ten per cent in addition, even after allowing for a wage-cut.

We know that suffering prevails; that people are unemployed; that charity is more prevalent than ever, but men still working for wages and who have had their wages cut have more with which to buy than they had when they complained the least, and since they have, we hold that their purchasing power has not been impaired.

And now just one word on the second issue, namely, that industry had to cut wages in order to maintain itself. The gentlemen of the Affirmative will tell you

that the cutting of wages was not necessary for the continued operation of industry. We hold the contrary to be true. Perhaps they can explain just how industry could have met its problem of fixed costs. Whether a factory runs slow or fast; whether it produces much or little, the cost of maintenance, interest, and wages remain the same. For example, suppose we own a bakery. It costs us one dollar in rent, interest and maintenance to produce twenty-five loaves of bread daily. The cost, therefore, per unit loaf is four cents. Suppose we were producing fifty loaves as was our capacity in 1928 and 1929, then our unit costs would be two cents per loaf. Then the depression hits and we are only producing ten loaves of bread with a consequent cost of ten cents per loaf. This, Ladies and Gentlemen, is exactly what happened to industry following the crash. With their machines running at half their capacity, with interest, maintenance costs and wages remaining fixed, they were forced to cut what they could if industry was to stand the shock. I ask you what would you have done when the world market fell through; when prices fell twenty per cent and thirty per cent and when the fixed costs of operation remained at their old level? My guess is that you would do as Chicago's largest bakery did; as the United States Steel Corporation did; as Ford did; cut wages and anything else that could be cut in the interest of your producing organization.

According to Dr. Dreesen, the fixed costs of railroads and industries today are the same as ever, though their income has been cut in half. Their factories

must be maintained; the government requires the railways to retain certain definite schedules, and interest rates are as they were three years ago.

And here is an interesting observation. We think of the railways as an over-powering menace to the American masses; whose sole purpose is to bleed the under-dog and our sympathies are with the brotherhoods that stand out for high wages and old rates. And then I say that the bonds and securities of these railroads according to the *Daily Digest* published by the United States Government are being held by life insurance companies to the extent of three billion dollars, which go back to the life insurance policies of 50,000,000 people. Dividends consequently, support the policies of 50,000,000 workers. Mutual savings banks are holding over \$1,700,000,000 of railroad bonds and securities which, should they become discredited or disqualified by industries' distress, would jeopardize the savings of 12,500,000 wage earners in this country. The question then is decidedly not one of the industrialist versus the wage earner! In the publication of the National City Bank of New York of January 1932 we learn that nearly a billion dollars worth of railroad bonds and securities are held by the member banks of the Federal Reserve system while non-member banks hold \$300,000,000. Furthermore, universities, hospitals, religious and charitable organizations and fire insurance companies are known to be holding well in excess of \$1,500,000,000, of these same securities.

Fixed costs of large corporations, in view of price

cuts, are ready to destroy the whole complex system and to ignore industry's cry for help is to ignore the interests of millions of small investors, wage earners if you please, and this the Affirmative certainly does not want to do.

This then is the first small reason why industry could not have continued had money wages not been cut. Mr. Wood will give you the body of that argument later.

Second Affirmative, Walter Ball
Whitman College

LADIES AND GENTLEMEN: After listening to the very convincing speech of Mr. Hartley, I almost wondered if we hadn't taken the wrong side of this question. And after hearing him explain to you how the real value of the dollar has increased, I reached into my pockets to feel a coin which I had there when this debate started. It was only twenty-five cents then, but I thought that surely by this time it must be at least fifty cents. But there is something very wrong, it is only a dime now. So for this reason and because we really do believe in our side of this question, I am afraid that I shall have to disagree with Mr. Hartley in many things.

First of all, he said that most of the wage-cuts did not come until after 1930; that the industrial leaders have fought wage-cuts, that they made a promise to President Hoover that they would not cut wages, and kept that promise for twenty months. Now I admit that these leaders did make that promise and that they

have verbally fought wage-cuts; but let us see what these same men were doing in their own industries while they were writing magazine articles and giving interviews in which they decried this practice.

For instance, the *Monthly Labor Review* tells us that in April 1930, the Cotton Goods industry made wage cuts of about ten per cent. In June 1930 the Lumber Industry made cuts as high as twenty per cent. In the summer of this same year the American Telephone and Telegraph Company followed suit; and it was followed in September by the Standard Oil Company. The *Statistical Abstract* of the United States tells us that the Automobile Industry reduced the hourly rate of wages for common laborers from fifty-five and nine-tenth cents on January 1, 1929, to forty-eight and three-tenth cent on July 1, 1930. It also tells us that all manufacturing industries in 1929 paid wages of one hundred and four-tenths based upon 1926 as one hundred; but that in 1930 wages had been reduced to eighty and three-tenths; a decline of twenty per cent.

Now all of these wage-cuts which I have mentioned were made within much less than twenty months after the beginning of the depression. In fact most of them were made in the seven or eight months after the Stock Market crash; and they were made by huge industries, by these very men who solemnly promised President Hoover to maintain wages and then went back and immediately and as solemnly began to cut them.

But, the Gentlemen say, even though some few wage-cuts were made, they were more than taken care of by

the increase in the real value of the dollar, and the real wages have remained practically the same. In support of this contention they cite a statement that the value of the dollar has increased greatly in Portland, Oregon, one city out of many in the United States. And they give a statement from Irving Fisher to the effect that the cost of living has declined some fifty per cent. Now, Irving Fisher is but one man and Portland, Oregon, is but one city. We base our contention that the wage-cuts made exceeded the increase in the real value of the dollar upon statistics taken from the *Statistical Abstract* of the United States and applying to the whole of the nation, and certainly this source should be reliable if there are any such.

As I have mentioned above, wages in manufacturing industries decreased twenty per cent from 1929 to 1930. Yet in this same period the cost of living, based upon 1914 as one hundred three, declined from one hundred seventy-one, in December 1929, to one hundred sixty and seven-tenths December 1930, a decline of but ten and seven-tenths per cent. So you see that the real wage actually did decline about ten per cent. Covering the period from 1929 to April 5, 1932, the *Annalist* for April the 8th tells us that while there has been a decrease in living costs of about fourteen per cent, the decrease in wages has been at least sixteen per cent.

The Gentlemen have said that if we are fair we will admit the issue of the increase in real wages. We refuse to admit this, and back our contention by statistics taken from two of the most reliable sources of which

we have any knowledge, the *Statistical Abstract* of the United States and the *Annalist*.

Another main contention of Mr. Hartley is this, that it was necessary for these concerns to cut wages even though they did not wish to do so. But let us consider a few of these industries and see if this is really so. For instance, the United States Steel Corporation announced a ten per cent cut in October, 1931. Within a week it was followed by General Motors, Bethlehem Steel, United States Rubber, and the Aluminum Company of America—all huge concerns. Does it seem logical that all of these million dollar businesses should have found it necessary to cut wages within the same week in order to avoid bankruptcy? Does not it seem more logical to assume that they were merely treating labor as a commodity which might be bought upon the open market at the cheapest possible price? Certainly this has been the capitalists' idea in the years preceding this, and it is an idea which has led directly to this depression, as my colleague, Mr. Lehrer, pointed out for you.

But let us consider more closely the United States Steel Corporation. In 1930 it had a surplus account of \$471,000,000 and an operating surplus of \$18,800,000. Yet in that same year the employees of this company lost, by lay-offs and part time work, \$28,800,000. In 1930 it paid its full dividend of three dollars and fifty cents per share on its common stock. But only seventeen cents of that three dollars and fifty cents was earned by the company. The rest was paid from the surplus, thereby incurring a deficit of \$22,-

000,000. In October wages were lowered ten per cent to make up for that loss. You will note, however, that the wages were earned, while the dividends were not. It is true, as Mr. Hartley has told you, that the Steel Corporation is not operating upon a very profitable basis at the present time, but it has put itself into this position by its unwise payment of dividends. The wage earners are made to suffer for this.

The *Financial World* for March 30, 1932, gives a summary of fifty leading corporations in the United States; their rating given them by the amount of dividends paid out. These corporations paid out \$63,-500,000 more of dividends in 1931 than in 1929. They decreased wage payments in this same period, however, by an amount even greater than the increase in dividends. Seventy-six per cent of these companies showed a drop in net earnings, but only twelve per cent of them have reduced dividends while eighty-nine per cent have reduced wages.

The rating given these corporations according to funds paid out in annual dividends in 1931 placed the American Telephone and Telegraph Company as first; General Motors, second; United States Steel, third; Consolidated Gas Company of New York, fourth; Standard Oil, fifth; Du Pont, sixth, and General Electric, seventh. The American Telephone and Telegraph Company, the largest dividend payer, paid out in 1930, \$139,239 in dividends and in 1931, \$163,588; an increase of \$24,349, but during this same period they cut their wages over \$75,000. General Motors, second ranking concern, in 1930 paid dividends of

\$140,038 and in 1931, \$139,876, a decrease of only one hundred and sixty-two dollars. They, however, reduced wages by over \$100,000. United States Steel, the third ranking, we have already considered sufficiently, I believe. The Consolidated Gas Company of New York ranks fourth. In 1930 it paid out \$56,382, in 1931, \$56,489, an increase of one hundred seven dollars while they were cutting their wages about \$50,000.

And so we might run on down the rest of this list of companies and in the majority of them we would find dividends increased or maintained while wages were cut, as in the first four corporations. But I have here a rather refreshing list of concerns, industries which have shortened the working week, without changing the rate of pay per hour and have profited despite their fair treatment of laborers. American Radiator Company, DuPont, Eastman Kodak, Firestone Rubber, General Electric, Iron Fireman Manufacturing Company, National Cash Register, and American Rolling Mills,—all huge concerns, and every one a specific example of the fact that wage cutting has not been necessary if the company were willing to adopt a sensible plan of procedure.

Now I realize that I have no doubt bored all of you with these statistics that I have been giving, and have put a few of you to sleep with them, but they were necessary to disprove the contention that wage cutting has been inevitable. I have pointed out to you company after company that has cut its wages, but at the same time maintained or increased its dividends, even

though those dividends were not earned. Certainly it was not *necessary* for these companies to cut wages. As Mr. Lehrer pointed out to you, the maladjustment between wages and the productive power of the laborer in the years from 1923 to 1929 was one of the main causes of this depression. By lowering wages, we thereby make that maladjustment even greater and so intensify that situation which put us where we now are. What a foolish method that is, when we wish the return of prosperity! Recovery lies in an increase in the purchasing power of the laboring class. That can never be brought about by wage-cuts.

American business in the past has been based upon two things, exploitation of resources, and exploitation of man power. The exploitation of resources may go on, but that of labor must cease. Too long have we treated our laborers as mere commodities to be bought and sold on the public market at the lowest possible price. These industries which are cutting wages at the present time, rather than reducing their dividend payments are treating their employees as robots rather than as human beings; men and women who must clothe, shelter, and feed themselves and who, moreover, constitute a great part of our buying public. Such a policy as this on the part of our industries is merely cutting their own throats—merely *continuing* the business depression.

Second Negative, G. Burton Wood
Oregon State College

LADIES AND GENTLEMEN: I was not alarmed when Mr. Ball arose a few minutes ago to tell us that he felt the quarter which he had in his pocket should have increased to fifty cents during Mr. Hartley's speech. Instead, he says, it had shrunk to only ten cents. I don't wish to make any insinuations, but I might suggest that Mr. Ball must have a light-fingered companion!

I had hoped that Mr. Lehrer and Mr. Ball would confine their arguments to the question at hand this afternoon, namely, that "the cutting of wages has retarded the process of recovery." Instead, the gentlemen have launched a very vicious attack against capitalism. May I remind them that we are not debating whether or not capitalism is a desirable thing—we are not weighing the evidence to decide if the distribution of income under this system is just. Our discussion this afternoon must be confined to whether or not *wage cutting* has retarded our return to prosperity. May I point out now that we are living under a capitalistic system whether we like it or not. The welfare of our hundred twenty million people depends upon the strength and durability of this industrialism during this depression. Such being the case, Mr. Hartley and I believe sincerely that "for the common good" we should do everything within our power to protect, preserve, and safeguard our present economic order. Remove

this protection, and it will crumble. If that is the type of remedy the Affirmative, Mr. Ball and Mr. Leher, are advocating during this present economic dislocation, they certainly are welcome to it. With this thought in mind, let us consider for a few minutes the condition of industry and justify its ultimatum during the depression.

Mr. Hartley has shown you that the purchasing power has remained constant despite the cut in money wages; indicating clearly that cuts in money wages in no way contributed to the further upset of the balance between production and consumption, at least from the consumption side.

And now, what about the production side? Our position is that a cut in money wages was necessary for the continued operation of Industry; its maintenance could not be effected in any other way.

To better understand the whole problem of Industry let us return to 1928 and 1929. Everyone knows that Industry was inflated; factories were built on credit; banks had given the limit; and the whole feverish program was built on promise and faith. We manufactured for Russia at that time; since then Russia has turned exporter and we lost a good share of her market. Germany was buying of us; and since then Germany has declared bankruptcy and we lost some more. England cut her demand over-night and Canada not to be outdone erected a tariff barrier and immediately one hundred forty-seven factories arose on Canadian soil, ready to produce, what heretofore they had purchased from us. The logical thing occurred.

Billions of dollars worth of goods crammed our warehouses; prices crashed; unemployment followed and the producers stood breathless! The banks called for money on the notes; some paid and some went into the hands of the receivers; factories closed or slowed down; banks failed to the tune of thirty-four per week in the city of Chicago; and the stock market sounded the final gun in 1929, climaxing the most sensational cataclysm in human history.

Who was at fault, is hard to say. Let us suppose that capital was to blame. What next? It is no escape to argue that inasmuch as they caused it they should remedy it. It does not follow that because a cyclone destroys this city we should do nothing until that same cyclone has repaired the damage. The thing to do is to set about the task ourselves and then take precautions so that when the next storm approaches we will find ourselves immune to the ravages which were experienced the first time. If capital could offer the remedy certainly they should be called upon to pay for their own folly, but this cannot be done without jeopardizing the whole machinery of production, and to do this would upset that balance so essential to prosperity.

Mr. Hartley pointed out in his speech the threat of fixed costs in Industry, and showed you that the only way Industry could meet these fixed costs was to cut wages. There is not a reputable economist in the country who would argue otherwise and yet Mr. Lehrer and Mr. Ball hold that Industry should continue to pay the old wage; despite decreased prices; despite de-

creased profits and regardless of the fixed costs of operation. F. L. Lipman, president of the Union Trust Company, summarizes it all when he says, "It stands to reason that Industry generally cannot continue to pay the old scale of wages if it cannot sell its products in volume and at old prices."

"But," the Gentlemen wonder, "where is the wealth accumulated by Industry during the prosperous period? Where are the millions that were sweated out of labor before the crash? Why can't labor be paid out of that?" The truth is that it was reinvested; expansion programs were inaugurated; factories were built; high dividends were declared; and according to a United Press despatch of January 1, 1932, sixteen billion dollars of our prosperity earnings are invested in foreign securities; and so the answer is that there is not one buffalo nickel available. No provision was made for unemployment insurance; no measures were enacted whereby the real wage could be increased during a depression.

And then the Gentlemen protest again and say, "But that is unfair; unjust; and capitalists should be penalized." Certainly it was unfair and unjust, but it will not avail us now to penalize the industrialist if by that act we cripple production. You see, our stand is not in defense of malpractice in industry; but rather in defense of the whole ramified system of production which must be guarded if we expect a return to prosperity. Then and then only will it be time to forestall further disaster.

Again most of the surpluses of our large plants are

frozen assets and frozen assets will not pay wages. The American Rubber Company has four million dollars tied up in southern factories with every door bolted and every machine inoperative. According to the *Labor Review* of December 1931, three cotton mills in North Carolina worth two and one-half million dollars are standing idle and one new cannery in Eastern Oregon, worth sixty thousand dollars has never turned a wheel. There is where the profits of 1928 and 1929 are and today they are worth less to the owners than if they did not have them at all for interest and taxes must be paid regardless. Need I say anything about the man who is so ironically called the Lumber King? Owner of millions of acres of tax ridden timber and a market price at beggars' citation! Frozen assets, indeed, and to suppose that these men have surpluses which can be used to increase the real wages of the workers is utterly absurd. And I challenge Mr. Lehrer and Mr. Ball to show us how these frozen assets could be liquidated.

Furthermore, the earnings of Industry have literally tumbled. In the February issue of the *Business Week* the author says, "reports now forthcoming indicate that the earnings will show an eighteen per cent to twenty-five per cent reduction." In the *Annalist* of 1931, Henry Hansen says, "The operation of American factories in 1930 showed sharp declines in net asset values; sharp decreases in net income and an increase in the number of companies paying no dividends on common stock and in some cases none on preferred." He adds, "In 1931, thirty-four companies reported the

market value of their investments for the last two years had a loss in net asset values of \$400,000,000 for one year whereas out of fifty-six investment companies thirty-five were paying no dividends on common stock and seven paid absolutely nothing on preferred." After all, profit is the controlling motive in business and as long as it is, you cannot expect to support wages by a total destruction of that profit.

Now, our friends of the Affirmative infer that there is no reason to believe that industry was compelled either to close its doors or reduce its wages. I wonder if they know that of corporations with a capital of over one million dollars sixteen failed in 1929; that forty-three of these concerns went bankrupt in 1930; and that in the first six months of 1931, thirty-seven of these million dollar corporations went insolvent and left their plants dark and gloomy. I quote these figures from an analysis of Bradstreet's reports in the *New York Times* for July 12, 1931.

But suppose the Gentlemen say, "Isn't it a matter after all of cutting down production costs? Is labor the only element in the cost of production that can be trimmed? Why not hold labor costs where they are and cut the costs of production by greater efficiency; and by labor saving devices? If the plants were more efficient they could eliminate wastes and thereby add the saving to labor."

Yes, we can add to the efficiency and just that soon one of two things must happen; either we will speed up production giving society more goods when heaven knows we have more now than we can sell, or ma-

chinery will replace men due to the greater efficiency of the machine and automatically we send still more men into the ranks of the unemployed.

The reason for the present salvage prices on commodities is the result of too much efficiency. One can't say that Henry Ford has not incorporated every principle of industrial efficiency and yet he cut wages twenty per cent. Ford, mind you, the very man who was laughed at for harnessing the smoke that belched from the smokestacks of his factories, and who by that harnessing took thousands of dollars out of the air, that man cut wages.

Why did James A. Farrell, president of the United States Steel Corporation, say, "Wages in the steel industry are not coming down. If you expect to get profits from selling to men whose wages you have cut you are greatly mistaken." If you can explain this, then explain the order which he gave six months later which gave every employee in his plant a ten per cent wage-cut. Explain too why the food magnate, Mr. Kellogg, cancelled his order for new machinery which would have increased the efficiency of his mill. Explain why he said, "If I install that machinery now I will have to discharge one hundred girls."

Explain at the same time Secretary of Commerce, Mr. Lamont's statement, "Many worthy factories are faced with the prospect of closing down altogether and thus creating more unemployment and more privation. The only possible remedy is wage reductions." And we would remind you that Mr. Lamont

is in the position to have the most intimate contact with industry.

Every respectable and reluctant industrialist in the country has cut wages, and they did this knowing, as you and I know, that wages represent purchasing power and that purchasing power represents profit in business. If other production costs should be sliced, why does the State of Oregon hire three hundred men to struggle three weeks on a highway job that a steam shovel could discharge in three days? Why does your own state shift from machines to shovels in its road program?

All we are saying is that a temporary wage cut is imperative. We want high wages as do Mr. Lehrer and Mr. Ball, and goodness knows we like to see everyone wealthy, comfortable or contented, but when a country is depressed and prosperity is sought we must not yield to emotionalism and prejudice. What we are seeking after all is a proper balance between production and consumption, and, since this cut in money wages has not lessened the purchasing power of those still working for wages, and, since it is the only means by which production can be sustained,—then certainly it is going the limit in working for that balance which prosperity demands.

You may give doles to every person in America; you may distribute without profit the vast surpluses caused by over-production; you may increase the purchasing power of every man on earth; you may persist until Industry has dissipated every reserve at its despatch and you have not then added one iota to the quicker

return of prosperity. You have accomplished absolutely nothing but a complete destruction of the whole network of production and as a consequence forced the wage earners into a greater jeopardy than ever before.

First Negative Rebuttal, George W. Hartley
Oregon State College

LADIES AND GENTLEMEN: It is not my intention to allow this debate to drift into statistical channels this evening. However, I fear I must burden you with additional evidence, since the Affirmative have attacked the authenticity of our statements in support of our contention that the purchasing power has not been decreased. And they conclude by saying that we also have too little authority to contend that the purchasing power has increased twenty per cent to twenty-five per cent. I am inclined to think that we have been entirely too conservative. What better authority would they have us quote than the United States Bureau of Labor? For their satisfaction, however, let me present the results of a survey published in the *Literary Digest* in 1932, the figures being gathered by them from a United States publication: that the cost of goods has dropped thirty-two per cent. Here's one by the United States Department of Labor in the *Monthly Review*—reduction of thirty per cent; *Dun's Review* for February 1932, weighted decrease of thirty-four per cent; *Economic Review* in March 1931, decrease of twenty-three per cent. *American Economic Review* by Carl Snyder of Federal Reserve Bank,

average decline of thirty per cent; in the *Review of Reviews* for July 1931, a drop of thirty-six per cent is recorded. And then don't forget that the prices have constantly been coming down since these surveys were taken. After six months of exhaustive effort on the part of our debate squad, I can truthfully say that real wages have increased twenty per cent to twenty-five per cent, which undoubtedly is a conservative statement, as well as one that is supported by reliable evidence. And we have yet to find a single authoritative survey that will tell us otherwise.

And now as to this problem of fixed costs. We are still waiting to hear from the Gentlemen as to how industry is to settle its problem of high maintenance costs of interests, equipment, and so on without cutting wages. Only last fall one thousand five hundred representatives of 2,000,000 railroad workers conferred with the executives of over two hundred Class A railroads to thresh out this problem of wage-cuts. The workers came prepared to fight and their brotherhoods were behind them. Corporation lawyers were on the scene. Certified Public Accountants checked the balance sheets and profit and loss statements of the Railways. And, after several weeks of parleying, the workers voluntarily agreed to a ten per cent wage cut saying: "After examining the records we find that if the railroads are to continue, and we are to maintain our jobs, the fixed costs must be reduced. At present there is no alternative, but to accept temporary wage reductions." And this, mind you, from the employees and workers themselves! Does this not indicate the

condition of our country's industries at this critical period? The railway workers have realized it and have submitted peacefully, realizing that it was for their own good. And does it not also successfully show that the cut in wages was imperative if Industry was to continue? Apparently the complaint against wage cuts is not coming from the wage earners, but rather from college debaters, who with more enthusiasm than judgment, have the panacea that will erase all human ills.

As to this psychology argument, it seems that they still insist upon saying, that because a wage-cut does exert a negative psychological influence, that the wage-cut is therefore detrimental. A little over three weeks ago I was in the city of Medford, Oregon, the day after their most important bank had failed. I want to say that a definite psychological attitude was prevalent there. The failure of that bank caused a run on the other bank, caused people to cut off all but necessary purchasing, which had a general dampening effect that *will* hurt every business man in Medford. And why did that bank fail? One big reason was because the bank's securities were made worthless by the failure of interest payments. When industries go to the wall, they exert a far-reaching influence. Perhaps their securities are being held by trust companies or banks and contribute immensely toward the downfall of those companies. I ask you again if the negative psychological effect of a wage-cut can be compared to that which is caused by the failure of industries? The total bankruptcies have increased thirty per cent in 1931 over 1929. Here are a few nationally known

companies that have gone into receivership only recently: Long Bell Lumber Corporation; Longview Dredging, and Public Service Companies; Louisiana and Pacific Railway Company; Mississippi Eastern Railway Company; American Commonwealth Power Company. *Dun's Review* shows a failure increase of ten per cent in 1931 over 1930. I wonder if hesitancy to buy was noticed by people affected by the foregoing corporations?

The Affirmative this afternoon have held that since wage-cuts cramp consumption and since large consumption is necessary to prosperity—then the cut has retarded prosperity. Now if such an argument were valid, the question would not be debatable, and the Gentlemen know it. They know too, that the word *retard* is purely a relative term. For example: wages can be in three positions: First, raised above 1928 level; second, unchanged, i.e., not cut; and third, cut. What we are seeking is that level which will insure the quickest return to prosperity. We have shown you that the old wage, and certainly an increased wage, can do nothing but destroy the whole ramified system of production—a maintenance of which is demanded by prosperity. We have shown too, that the cut in money wages did not reduce the real wage, and this the Gentlemen cannot deny. Are we not then fair in our belief when we say that since a wage-cut did not decrease the purchasing power and did allow for the continued operation of Industry, that the cutting of wages aided the return to prosperity?

First Affirmative Rebuttal, Harry Lehrer
Whitman College

LADIES AND GENTLEMEN: It seems that since the quarter in my colleague's pocket has turned to a dime, my name must be dragged into the mire and besmirched by the stain of theft. But since there is but little time given to me, I will not defend my good name, but rather respond to the arguments of our worthy opponents.

They have gone to the trouble of giving you around ten different sources to prove that our statistics are wrong, but we beg to point out that the statistical company which we quoted makes it a business of gathering data and compiling it—further that it is a house with a national reputation and we still trust implicitly in its findings despite what our worthy opponents say. Our figures still show that real wages were lowered, when it was vitally important that they be raised.

The Gentlemen from Oregon accuse us of being unfair and unjust to the capitalist; they tell us that the money made in prosperous years was reinvested and therefore cannot be used now. We are not asking that it should be. We know where that money went. We are merely objecting to the increased dividend payments, in the place of higher wages. Is it unjust to ask that capital use some of its profits in maintaining the buying power of labor? Is it unjust to advocate a sound economic policy? If capital had maintained

wages, the surplus would have been rapidly removed. It is not then injustice we ask for, but the exercise of ordinary common sense.

Mr. Wood has painted for you a vivid and excellent picture of conditions as they now exist. He has shown you that in each year that the depression continues, the number of million dollar firms which are forced to close is increasing. First sixteen, then thirty-four, finally forty-three million-dollar firms are forced to close. He argues for wage cutting and yet clearly and effectively points out to you the detrimental results of wage cutting—showing how things have become more chaotic after wages have been cut. We feel with Mr. Wood, wage-cuts have really led to a sad situation.

Now probably the main argument of our opponent is that the cutting of wages was necessary, due largely to fixed expenses. We beg you to note this: That during the period of cutting wages most of the larger concerns continued not only to maintain, but actually to increase dividends. We have given you the example of United States Steel which actually cut wages in order to make up for payment of dividends which it did not earn. Gentlemen, if fixed expenses were driving them to cut wages—how could they continue to pay increased dividends? Now, we are not picturing the capitalist as a greedy monster who bleeds and crushes the worker, but we are pointing out that it was not necessary to cut wages because fixed costs were becoming oppressive. Could not the money which was given to investors as profit and which would probably be banked just as well have been given to the workers, increasing their

buying power and bringing us into a better position? Gentlemen, we repeat that it was unnecessary to cut wages and yet at the same time pay increased profits.

They say that we would jeopardize the continuity of business. If the increased buying power jeopardizes the continuity of business, then, yes! we are guilty. But on the other hand if it has an opposite effect, then surely the crime does not rest upon our shoulders.

The Gentlemen have said that wage-cuts are an alternative to unemployment. That is not the case. Unemployment means letting off men—or decreasing production; whereas wage cutting means continuing the same production under reduced wages. Obviously then, if one cuts wages, he is not cutting production. It is not an alternative because it does not serve the same purpose.

Now the statements of our worthy opponents are many and various and would be impossible to answer in such a brief period. However, summing it up, they object to our case first, on the grounds that the real wage was increased, and second that wage-cuts were necessary.

In reply to their first argument we have given figures to show that such was not the case during the first part of the depression and that is the time that particularly concerns us. Secondly, we have attempted to demonstrate that cuts were not necessary, because at the very times cuts were made, firms maintained or increased their dividends, and this, oftentimes, at the expense of the workers.

Ladies and Gentlemen, in view of these facts, we still believe that the cutting of wages *has* retarded the return of economic recovery.

Second Negative Rebuttal, Burton Wood
Oregon State College

LADIES AND GENTLEMEN: I must say that Mr. Lehrer and Mr. Ball are very persistent this afternoon. Mr. Hartley and I have consistently blasted their contention that the purchasing power has been reduced because of wage-cuts, and yet they bring it up again. We have shown evidence, the latest available, and yet this avalanche of material will not convince them that during the first three months of this year the purchasing power has greatly increased. I had some spare time this afternoon before the debate and spent it in their library, not over two hundred feet from this platform, reading material from April issues of current magazines. And let me point out that this evidence is the latest material available on the subject. I am surprised that our two formidable foes did not spend some of their time in bringing their material up to date by consulting periodicals in their own library. But since they have chosen to have us do it, I feel happy that I am able to perform the task well. First, I quote none other than Irving Fisher, the brilliant Yale economist who, perhaps, has written more material on questions of purchasing power, the value of money, and distribution of wealth than any other living man. This man in an April, 1932 issue of a magazine found in

their own library says, "That up to the present time the dollar will now buy as much as a dollar and a half would two years ago." We have quoted surveys conducted by R. G. Dun and many others that Mr. Hartley pointed out to you, showing that it is from ten to twenty per cent greater than in 1929. And, mind you, these figures are not taken from material published in 1931 which the Affirmative is using this afternoon. Perhaps if the Gentlemen have time to do some reading in current material available in their library they will be able to meet others on this question more safely.

We feel that the discussion this afternoon hinges on whether industry could or could not continue to pay its old wage. We challenged the Gentlemen earlier in the debate to show us that the surplus of industry is not tied up in frozen assets, and we also asked that they show us how industry could have liquidated these surpluses sufficiently. They have failed to answer us, and we know why. When our nation has an industrial system built to supply the world with goods, and the world is not consuming those goods, we have billions of dollars tied up in useless machinery, plants, and other assets. Certainly it has a potential value, but why did the Richfield Oil Company fail? Because it did not have enough assets? Oh no! Their assets were frozen or fixed in the form of airway beacons, service stations, refinery equipment, and distributing warehouses. Hence one can see Industry's problem.

Mr. Lehrer thought he had us trapped when he asked how we could continue to pay dividends when

our assets were supposedly frozen. Let me remind you that industry, in prosperous years, lays aside something for the lean years which are bound to come. The dividends that are being paid now, are coming from that reserve, which carries us back to our stand that since we are living under a capitalistic system, the future, the welfare, and the existence of our nation's people depend upon the protection of that system. Anyone who argues for the weakening of this system without offering something to replace it, is laying the very germ of self-destruction.

Consider for a moment the case of the United States Steel Corporation which was mentioned by Mr. Lehrer. He didn't tell you that in 1929 the corporation made \$197,000,000, and that in 1931 it suffered a \$6,000,000 loss from operations. We feel that this corporation felt some depression! I ask you, what would you do in this case if you were president of the United States Steel Corporation? You would have done the same as James A. Farrell did—do everything in the world to cut costs and thereby bring costs in line with selling prices.

Mr. Lehrer again accuses the United States Steel Corporation of cutting wages and paying dividends on the same level as before. The United States Steel Corporation cut dividends before it cut salaries and wages, saying, "That unless the situation changed for the better, they would not continue with the regular dividends." And while we are on the subject of dividends let's clear Mr. Lehrer's accusation. He said that dividend money should be converted into wages. Just a

few minutes ago, I said that the rewards of placing money in industry is found in dividends. And just as soon as you cease rewarding capital, just that soon will your industrial structure crumble. If they hope to help the working man by seeing the industrial system destroyed, I must say it is a very unique philosophy. We admit that many industries did pay high dividends to protect their capital, but they did not mention those industries that could not meet their dividend payments. May I show Mr. Lehrer and Mr. Ball, the judges, and friends here this afternoon, a January 1932 issue of the *Financial World*, another magazine which they could find in their own library. Here it lists in glaring headlines, "The Great Dividend Disaster of 1931." Look at the different industries mentioned—Automobiles, Railroading, Steel, Meat Packing, Mining, Manufacturing, Lumber, and the rest of these here. In the face of such evidence as this, we cannot understand how they can say that high dividends are being declared by our nation's industry.

Mr. Lehrer mentioned that the word "retard" is the key word of the question under discussion this afternoon. We find, however, that the word "retard" is purely a *relative* term. Let me explain by a simple analogy. We came to Walla Walla for this debate by automobile. Our ultimate goal, when we left Corvallis, was to arrive in this city. Naturally we had to stop on our way here time and again to buy gasoline and oil. Now the immediate effect of these stops was a slight retardation, but in light of our goal, our destination, it was an actual acceleration. Had we not suffered a

slight retardation by stopping for fuel, we could not have reached here at all. So it is with the problem of wage cutting. The ultimate effect, viewed over a long period, is actual acceleration. Although the immediate effect is a slight retardation, it gives Industry the chance to work out of its difficulty and speed up its return toward prosperity. Mr. Hartley and I are concerned with the ultimate effect, the working out of the problem of depression. Perhaps Mr. Lehrer and Mr. Ball are interested in just the immediate effect, willing to ignore entirely the spirit of the question.

Mr. Hartley and I are loathe to let you go away from the auditorium this afternoon feeling so glum and discouraged over the economic outlook which has been pictured for you. Mr. Lehrer says there is nothing to indicate that things are getting better. I regret that he hasn't had the time to acquaint himself with the world's progress, for this afternoon in their library I found the following information. Chrysler Motors puts 22,000 men back to work; General Motors hired another 18,000; and Henry Ford called for 20,000 men to build new cars for him. Think of it! 60,000 men within a month, and this does not have any meaning to Mr. Lehrer. Perhaps it means nothing to him when we find in the April issue of the *World's Work*, another magazine found in their library, that Ford will have a monthly purchase of raw materials and manufactured parts amounting to fifty-two million dollars; that he will spend for bodies by outside makers over one hundred forty millions; for freight some eighty-six millions; for steel forty-seven millions; is adding to this

payroll eighteen million dollars per month; and is causing the employment of some 300,000 men working for 5,500 direct and indirect industries supplying Ford with materials and supplies. When we find that the cotton makers union reports that conditions are better this season than last, and when the bonds held as security for the deposits of its community increase by one billion eight hundred million dollars since the first of the year, we cannot understand why Mr. Lehrer and Mr. Ball want to discourage you. Perhaps it is a smoke-screen for their weak arguments.

Mr. Hartley and I feel we have shown that the purchasing power is greatly increased despite the fact that wage-cuts have been made, and that industry could not have operated, could not have maintained itself had it not brought about these cuts in wages. Again, let me say that Mr. Hartley and I want high wages just as earnestly as do Mr. Lehrer and Mr. Ball, but we do feel that when our nation is faced with a temporary dislocation of financial and economic factors, we should remember that our problem is the welfare of one hundred twenty million people and be willing to shoulder our share of the responsibility. Since a cut in wages actually *accelerated* our return to prosperity, Mr. Hartley and I feel that it has been the greatest benefit in solving our economic problem.

Second Affirmative Rebuttal, Walter Ball
Whitman College

LADIES AND GENTLEMEN: Mr. Wood, who has just finished speaking, has kindly suggested that I might learn a little more about this question; that is we presume, enough so that I would agree with him, if I would spend a few hours in our own library. But, believe it or not, I have spent almost the entire last two weeks doing just that thing, and I have had many a headache out of gathering statistics for this case, almost as many, I suspect, as I gave you when I recited a few of those figures during my first speech.

But seriously, Mr Wood has told us that business is improving, and he has cited as his evidence for this fact, the *Financial World* for January 1932. Therein he finds that forty bonds have increased since the low of 1931. He fails to tell you, however, that that is forty out of several thousand bonds, and that most of the rest of them have decreased in value. Moreover, if Mr. Wood had read the April number of the *Financial World*, as I have, he would have found there a graph which pictures business conditions as being worse now than at any time since the beginning of the depression.

It gives me great pain to do this, but I am afraid that I shall once more have to contest the figures which the Gentlemen give you for the decline of the cost of living. They give you nine other magazines containing statements estimating the decline of living costs to be

as high as fifty per cent. They fail to tell you, however, whether those estimates apply to one locality or to many, whether they apply to only one city such as Portland or to the whole United States. We can only refer you again to the figures which we have given you, taken from the *Statistical Abstract* of the United States and the *Annalist*, two of the most reliable sources obtainable. Those figures placed the decline of living costs as being from fourteen per cent to sixteen per cent.

But let us forget this real wage and real value of the dollar, for after all it doesn't make a great deal of difference now. I have here a statement from Mr. Wood in which he says that if we could increase wages it would be a desirable thing to do and would undoubtedly hasten business recovery. And after all, isn't that what we are debating? For certainly if an increase in wages would hasten recovery, conversely, a decrease would mean a retardation of recovery. Then it would seem that the whole question revolves about whether it were possible to maintain wages. I have cited you any number of concerns, huge industrial wage cutters, who at the same time that they were decreasing their wages, were increasing or maintaining their dividends. Certainly that is proof enough of the fact that these concerns *could* have maintained wages if they had so desired.

I have here another statement by Mr. Wood in which he admits that there may have been a temporary retardation of recovery by this wage cutting. Now I do not know Mr. Wood's definition of *temporary*, but

I do know that this question deals with time only up to the present and does not extend to future conditions. As I have pointed out to you, business still seems to be on the decline. Whether you can call three years only a temporary period or not makes no difference to me. The fact remains that Mr. Wood has admitted that business recovery up to the present time has been retarded by wage cutting.

We have endeavored in this debate this afternoon to show you certain tendencies in modern business and the results of those tendencies. Whether we have been successful in doing that, only you can say. We have endeavored to show you how labor is being and has been in the past treated as a commodity. We have pointed out to you the maladjustments which have arisen between the productive power of labor and wages in the years from 1923 to 1929. That was one of the major causes of this depression, and certainly a continuation and increase of that cause is not going to hasten, but is going to retard recovery.

If it were possible to make any plea in a debate and expect that plea to be acted upon in any measure whatsoever, our case would have been the case of the laborer. We would have asked that the insane policy of treating him as a commodity, as a nonentity without feeling and soul, should be discontinued; that he should no longer be bid for upon the public mart with no thought of his or of the nation's welfare. Laborers are human beings like yourselves. They have to live, to feed and shelter themselves as do you; but more than that, they do constitute eighty-three per cent of our

buying public. When this eighty-three per cent produces much more than it can consume we have a surplus of goods upon the market. That surplus clogs the wheels of industry and causes a business crises. It is for this reason more than the humanitarian aspect, that we argue that wage cutting, which is a reduction in consumptive power of the laboring class, retards the process of business recovery.

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FIXING PRICES OF STAPLE
AGRICULTURAL PRODUCTS

Extension or Public Service Debate

FIXING PRICES OF STAPLE AGRICULTURAL PRODUCTS

KANSAS STATE COLLEGE AFFIRMATIVE VS. IOWA STATE COLLEGE NEGATIVE

The seeming failure of the Federal Farm Board and the failure of Congress to pass the McNary-Haugen bill, along with the continued over-production and depression in the agricultural world brings another method of federal farm relief to the fore. The present discussion was broadcast twice in order to reach the farming publics of Iowa and Kansas; first over WOI at Ames, Iowa, and then over WIBW at Topeka, Kansas. The discussion has the question and answer feature of the Oregon Plan of debating, a type always popular with audiences. The debate was only one of a series held during the season of 1931-32 for the basic purpose of enlightening the audiences concerning the pros and cons of important public questions. All were chosen with particular consideration for the interests of the audiences. In addition to Radio stations WOI and WIBW, KSAC at Manhattan, Kansas, was also used to broadcast the series of discussions. The tariff question and the political campaign of 1932 figured in the series.

There was no decision in the present discussion but listener response to the Radio stations was heavy, over two hundred letters of appreciation being received by WOI alone.

Both Iowa State and Kansas State engage each season in a rather extensive schedule of debates. This season Iowa held thirty-five debates on eight different questions, and Kansas held fifty debates on thirteen questions. Both schools specialize in the discussion type of debate, attempting to discuss topics of vital concern to the audiences before which the debates are presented; the debates being held almost entirely off the campus, before farm groups, civic clubs, womens' organizations, labor unions, church gatherings, and in many cases over the radio. During the season just past, Kansas broadcast four-

teen different debates on twelve questions, using the facilities of eight broadcasting stations.

Professor F. L. Whan is coach of debate at Iowa State, and Professor Harrison B. Summers directs debate at Kansas State College. This debate was contributed to the present volume through their coöperation.

First Affirmative, Edward Kelly Kansas State College

LADIES AND GENTLEMEN: It has become painfully evident to every man, woman and child in the United States today, that this nation is suffering from an acute industrial depression. Countless reasons have been offered; doubtless the causes for depression are as numerous as we are told. But here in the agricultural sections of the United States, one reason is outstanding. The American farmer, last summer, received twenty-five cents a bushel for his wheat.

At twenty-five cents a bushel, the farmer can't even pay ordinary costs of production. And naturally, he hasn't had anything left to spend for luxuries; in most cases, he's hard put to buy even the simplest necessities. The farmer who raises hogs, or cattle, or corn, or cotton, has been equally hard hit. And as a result, one-third of the population of the United States is almost wholly without buying power.

It seems that there is very little chance of a business recovery until the farmers of this nation are back on their feet. And so we're vitally concerned, this evening, with the possible means of increasing the prosperity, and consequently the buying power, of the farmer.

Certainly, we can't bring back the farmer's buying power by doing nothing. Probably in the next forty or fifty years, population in the United States will catch up with the food supply; but we can't wait that long. Coöperatives offer a possible means of bettering conditions in minor crops, such as fruits, cream, and tobacco; but it will take a score of years or more to organize the producers of such major crops as wheat, cotton, or corn. About the only remaining alternative is action by the government; and because there is a vital need for a striking improvement of conditions in the near future, Mr. Chase and I are advocating, this evening, the proposal that the federal government should fix and maintain minimum prices for staple agricultural products.

It's hardly necessary for me to waste time in justifying action by the government to aid the farmer. The government has been aiding industry for years, through the protective tariff; it has given very direct aid to railroads, first by gift of public lands, and in the last few years even guaranteeing the roads a fair rate of profit; in the past few weeks the government has come to the aid of industry once again, with the organization of the Reconstruction Finance Corporation. Certainly, no one can reasonably urge that the farmer alone should be denied the assistance of the government.

But there is objection of another kind to the idea of stabilizing farm prices. Possibly you will say, we've already tried price fixing, and it has failed. The Federal Farm Board has wasted hundreds of millions of

dollars, trying to fix and maintain farm prices; and it has given up the idea as impossible.

Well, I'll have to admit that the Federal Farm Board's attempt to stabilize prices didn't work very well. But after all, the board attempted to put into effect a most unintelligent method of price maintenance. It tried to buy up all the surplus wheat, over and above our own American needs, and hold it right here in America, and hope for a crop failure to come along so that it could unload this surplus wheat without loss. The idea touches on the absurd, when you give it a bit of thought.

But please remember that that is not the only way by which prices may be maintained. There is a way, a very simple and effective way, to maintain reasonable prices on farm products. It is the way suggested in the Export Debenture Bill, now before Congress.

The idea of the Export Debenture takes into account the fact that we have here in the United States, not some years but every year, a surplus of nearly every major agricultural crop, over and above the amount we can use here in our own nation. It recognizes the fact that if this surplus is held here on our own domestic market, the price must come down—as always happens when the supply on any market exceeds the demand. And so the Export Debenture provides a means of making it profitable for private exporters to buy up this surplus and sell it abroad, thus allowing the American price to rise.

Now, let me explain this idea a little more in detail. The bill provides that every exporter who ships any

amount of an agricultural staple out of the country, shall be given a certificate or debenture by the government, representing a certain amount of credit with the government which may be used in paying duties on imports. For instance, if an exporter ships a bushel of wheat to England, our government would give him a debenture certificate valued, let us say, at twenty-five cents, which might be used as part payment on import tariff duties. The certificate would be freely transferable, which would allow the exporter receiving it to sell it to some importer who has tariff duties to pay, practically at face value. By giving such a debenture, valued practically at twenty-five cents for each bushel of wheat exported, exporters would be given a tremendous incentive to buy up wheat in this country and sell it abroad, even though the American price rose above the world price level. In fact, with such a debenture in effect, exporters would continue to buy wheat and export it, until a domestic shortage forced the price here in America to a figure equal practically to the world price plus the amount of the debenture paid.

Now, let us see just how this debenture plan could be used by the government to fix and maintain minimum agricultural prices. First of all, we believe that there should be established a Stabilization Board to handle the whole affair—a board, incidentally, composed of actual farm leaders with both farm and business experience, rather than of newspaper editors, or bankers, or lawyers, or corporation heads. This board would be given two duties: first, to fix a fair price to be maintained on agricultural commodities for each

crop season; and second, to fix the amount of the export debenture to be paid.

First of all, the board would make a preliminary survey, and determine upon a fair price for the commodity—and for the sake of illustration, let's consider the case of wheat. Possibly the board would decide that a price of eighty cents a bushel at Chicago would give the wheat producer a fair return. This price, eighty cents a bushel, Chicago, would be announced early in September before the beginning of the planting season, so that each farmer could decide for himself whether it would be profitable for him to raise wheat during the coming crop year, at the announced price.

Next, about the time the new crop began to come on the market in the Spring, the board would engage in its second line of activity. Let me make it entirely clear that the board itself would not buy a single bushel of wheat, either on its own account, or through any subsidiary corporations. It would merely fix the amount of a debenture to be given to wheat exporters. Suppose, as we have said, that the board decided that the price of wheat for the season should be eighty cents, Chicago, but that the world price of wheat is only sixty cents a bushel, in the Liverpool market. An exporter, then, would receive only sixty cents for each bushel he sold abroad, from the purchaser, out of which he would have to pay about six cents for shipping and handling charges. So to encourage export, the Board would put into effect a debenture, sufficient to make up the difference, and allow the exporter a

small profit. The amount of the debenture would be the difference between the world price of sixty cents and the American announced price of eighty cents, or twenty cents, plus an additional six cents for shipping and handling costs, and an additional one cent or so for exporter's profit—say twenty-seven cents in all. At this figure, the exporter would receive for each bushel he exported, sixty cents from the foreign buyer, and another twenty-seven cents in credit from the American government—eighty-seven cents in all. Deducting from this figure six cents a bushel representing handling costs, the exporter would find it profitable to pay any price up to eighty cents or eighty-one cents a bushel for wheat for export; and to make as much profit as possible, he'd enter the American market, bidding against other exporters and against American millers for wheat as it came on the market, and exporting as rapidly as he bought. The result would be two-fold. First of all, export of wheat would go on until the entire surplus had been taken off the American market; and the second, active competitive buying would send the price up almost at once to the Stabilization Board's figure of eighty cents. If wheat could be secured even half a cent below that price, exporters would find it highly profitable to buy it for export, so that the price could be maintained without the slightest difficulty.

Of course, the amount of the debenture would probably not remain at exactly twenty-seven cents during the entire crop season. Possibly there might be a

change in world price levels; the Liverpool price might slip to fifty-five cents instead of sixty cents, in which case the board would immediately increase the amount of the debenture by five cents a bushel; or it might rise to sixty-five cents or seventy cents, in which case the board would reduce the debenture rate to correspond.

Now there's one thing I'd like to emphasize. This method does not call for any huge revolving fund; it doesn't provide for the expenditure by the board of a single cent for purchase of wheat; it doesn't call for a special tax upon the farmer in the form of an equalization fee; it doesn't involve unsound economics of any kind. It simply provides a means by which it is made profitable for private exporters to buy and export agricultural staples, and through making it profitable for them, to cause them to export agricultural products until the surplus is disposed of, and the price rises to the stipulated level.

Time will not permit me to consider the debenture plan more fully. But just as I have shown it would work in the case of wheat, it could be applied to maintain reasonable prices for corn and live-stock; and if Congress is willing to place a tariff on cotton, for that crop as well. And because, through this method, we could make use of the natural economic law of supply and demand to secure and maintain fair prices for agriculture, and because by this means the greatest impetus could be given to the recovery not only of agriculture but of business in general from the present economic depression, Mr. Chase and I believe that the

government should make use of the export debenture idea for *fixing* and *maintaining* minimum prices on staple agricultural products.

First Negative, Marvin Kruse
Iowa State College

LADIES AND GENTLEMEN: I was greatly interested in Mr. Kelly's very clear discussion of the serious farm situation in Kansas. If all that he tells us is true, it seems that about the same things are happening to Kansas farmers that have happened to the corn farmers of Iowa. There is no doubt that the farmers are in bad shape, financially. There is no doubt that something should be done. We certainly cannot allow things to go on as they have. And I want to here and now second what Mr. Kelly told you when he said that we cannot expect coöperatives or other existing agencies to be able to do much towards relieving the situation for a few years to come. It is equally true that there is no hope of immediate industrial recovery in sight, so, I agree with Mr. Kelly in that it is desirable that the government do something to help the farmer this year.

But what can be done to help the farmer? Mr. Kelly has told you that there is only one way to help the farmer, and that that is to get him higher prices for his products. As we see it, there are two possible ways of helping the farmer make more money. One is to get him higher prices, if that can possibly be done; and the other is to cut his overhead so much that he will be able

to live in spite of the present low prices. The Affirmative has forgotten to mention this latter expedient to you. Well, let's look at these two plans.

First, let us look at this plan of raising agricultural prices. Now Mr. King and myself would be more than willing to agree with the Gentlemen that a price fixing plan should be adopted if they can show us that it can be made to *work*. But we firmly believe that such a plan would be doomed to failure.

You know, price-fixing, itself, is an old experiment. Many plans have been tried all down through the ages to fix the prices of agricultural commodities, but all have failed. First of all, back in the old days, they tried to fix prices by merely making it illegal to sell below a certain fixed level. Joseph tried it in 1750 B.C.—it failed, of course. In 332 A.D. the Romans tried to fix the prices of agricultural commodities by imposing the penalty of death upon any one violating the decree. I guess that the law was quite popular for reports tell us that so many people “lost their heads over the scheme” that the Romans were forced to abandon it. Coming down through the ages both Spain and France tried to establish a fixed price on farm products and both failed. Edward, the Third, tried a similar plan in England and was forced to abandon the scheme after two years' trial. It was realized that the price was determined by the factors, supply and demand, and not by legal decree. So we see that it has been known since the time of the ancients that price fixing by the passage of law does not maintain a set price.

Another method of fixing prices has been that of

buying up surpluses and holding them off of the market. But this plan, also, has always failed. Two hundred and fifty years before Christ, Minister Wei of China tried this scheme. He nearly bankrupted the nation. The surplus increased to such an extent that it was impossible to pay the set price for all of the commodity.

A more recent example of endeavoring to maintain a set price by buying up surplus products is to be found in Brazil. She tried to raise the price of coffee by purchasing all of the surplus. The result of the scheme was the dumping of millions of bushels of coffee into the Atlantic ocean and still the price hit a new all-time low.

The English experiment with price fixing on rubber involving the purchase of the surplus is another notable example of the failure of surplus-buying schemes.

And then there is the noble experiment of the Federal Farm Board which drained over \$600,000,000 from the United States treasury. In reality this wasn't an experiment at all. Had the Farm Board read history, it would have known that its so-called stabilization activities were doomed to failure.

Thus we see that previous experiments with price-fixing can be grouped under two heads, attempts to maintain a set price by legal enactment, and attempts by buying up of surplus; and that both of these types of price-fixing have always failed to maintain a set price. Now the Gentlemen from Kansas State College are merely proposing a slightly different scheme for price-fixing. This scheme, like all others in the past, is doomed to failure because it is artificial interference

with the law of supply and demand. They propose an export debenture. Of course, Mr. Kelly has attempted to show you that the debenture plan would not embody the evils of the plan used by the Federal Farm Board. He has assumed that the disposal of the surpluses was the only factor lacking in the program of the Board. He seems to think that if his debenture plan were put into effect it would supply this factor of surplus disposal and be an overwhelming success. But the export debenture would never succeed in disposing of the surplus, and that is but one of its defects. Foreign nations will not buy our surplus farm products when they already have surpluses of their own to contend with. And we ask the Affirmative to explain to us how we can expect to ship our surplus to Spain, which has a tariff barrier of seventy-four cents against our wheat; to France, with her eighty-five cents tariff on wheat; to Italy, with her eighty-seven cents tariff or to Germany with her tariff on wheat standing at one dollar and sixty-two cents a bushel. And England is also contemplating a tariff on agricultural commodities. It is a known fact that many countries, which before the war were large importers of our staple products, are now encouraging home production to meet home demand and are likely themselves soon to raise tariff barriers against our farm products. Certainly, there is grave doubt as to the success of a plan which hopes to dispose of surplus by dumping that surplus abroad. The debenture may make us more willing to export; but will it make the other nations more willing to import?

But let me point out a number of other defects in the Affirmative's proposal.

In the first place, this price-fixing measure like all others designed to set minimum prices on farm products would defeat its purpose by increasing acreage and consequently the surplus. I need not go into detail to show you how this would be brought about; you can easily see that if the Stabilization Board guarantees a fair price to the farmer (which price, by the way, the Affirmative has neglected to mention), a great many producers will increase their acreage and other producers will begin farming. The result will be the same as that of other price-fixing plans—a tremendous surplus will be produced, and the price will fall.

In the second place, we do not agree that the debenture plan will maintain a set price because it would not operate on the important staple farm commodities.

Let us first consider corn, since Mr. King and myself come from a corn state and know more about that commodity. Now before the debenture can work, we will have to export the commodity. That is perfectly obvious, I think. But statistics show that eighty per cent of the corn raised in the United States is fed in the county in which it is raised. This eighty per cent is fed to cattle, hogs, horses, mules and chickens; and is never shipped from the county in which it is grown. Our entire corn crop constitutes from one-half to two-thirds of the estimated world crop, yet our exports represent usually less than one per cent of our production. Argentine corn, because of its superior keeping qualities, is usually preferred to American corn by

foreign nations. Consequently, Argentine leads the nations of the world in the export of corn. According to the United States Department of Agriculture year-book, United States exported four-tenths of one per cent of its corn crop in 1930. And so you see that our exports of corn are so insignificant as to make the debenture plan worthless as a measure to stabilize the price of that product. The debenture cannot make Europe eat more corn, nor will it make our corn preferable to Argentine's.

Now let us consider what benefit the plan would render the farmers who raise meat. Our exports of live cattle and hogs are negligible. Most of the meat shipped at the present time (with the exception of dairy cows shipped into this country) is packed meat. The farmers sell to the meat packers' trusts. The trusts dress the meat and either sell it at home or ship it abroad. The farmers do not sell abroad. Certainly, then, any benefit to be derived from this debenture plan would go to the packers and not to the farmer. We have only to look into the history of trusts to see that the packing trusts are not in the habit of passing on any additional profits, that they may make, to the farmers. And so we fail to see where the debenture plan could assist the farmer from the standpoint of the prices of meat.

Let us next consider wheat, the product in which you are chiefly interested. For an example of price-fixing on this commodity, I need only to point again to the expensive experiment of the Federal Farm Board; and to remind you again that there are millions

of acres of virgin land in western Nebraska, Kansas, Oklahoma, eastern Colorado, New Mexico, and northern Texas adapted to the raising of high-grade hard winter wheat. This land is ready to be improved as soon as such improvement will be profitable. In fact, we had half again as many acres in wheat in 1919 as we had last year. We have, in other words, about twenty-five million acres on which wheat was raised in 1919 which are not growing wheat now. If the government guaranteed a fair price, it is only reasonable to believe that the farmers who so badly need money to-day would be quick to replant this land, and any other land on which wheat could be grown. In short, the surplus of wheat would be increased by the export debenture plan, and our stabilization board would find it rather expensive, don't you think, to hand out twenty-seven cents, thirty-seven cents, or any other number of cents to dump every one of those hundreds of millions of bushels of surplus wheat upon the heads of our unwilling neighbors. The surplus would swell the world supply and lower the world price. The debenture would have to be increased, and the government would find itself handing out billions of dollars in debentures. The plan proposed by the Affirmative would of necessity fail to maintain a set price on wheat.

Why, your own Senator Capper said of the debenture, "If you put this subsidy into effect, we will increase our production of wheat in Kansas, through our use of big power on our level fields, in a way that will give the Treasury plenty of work to do."

In addition, the Affirmative have admitted that their

plan will not work on cotton, so it appears that the list of commodities on which the plan has no chance of success contains the typical farm staples.

I might add, however, that the debenture could do nothing for poultry, butter, egg and similar commodity prices, since here again exports are negligible. For the most part these products cannot be shipped long distances economically.

So Mr. King and myself maintain that the export debenture plan could not *possibly* benefit the farmer. I have pointed out that the law of supply and demand has always prevailed to ruin attempts to maintain a set price by price-fixing plans; and that this law will prevent the price-fixing scheme which the Affirmative propose this evening from aiding the farmer. A fair price will only increase the surplus, which will depress prices in return. I have also pointed out that the plan must fail on many of our staple crops which are not exported. I have shown why it cannot succeed in wheat. And the Gentlemen, themselves, have admitted that the plan will fail in cotton. I have raised the question of how the surplus can be sold in countries which do not want it. I have pointed out the extreme cost to the government of issuing debentures to export a surplus which never ceases to increase as long as a fair price is maintained.

Is the situation hopeless? Certainly not! Remember that there are two ways by which we might help the farmers. We have shown that the first, that of increasing his prices by artificial means, is impossible to attain. Of a certainty, the plan proposed by the

Affirmative will not do it. Then why not try the second plan? We propose to cut the farmer's overhead so that even at the existing price level, he can exist. In Iowa the farm population, comprising about thirty-seven per cent of the population, pays eighty-seven per cent of the taxes. We presume that the situation is nearly as bad in Kansas. Most certainly there should be some readjustment of the tax burden of our agricultural states. And at the same time that the farmers are paying more than their share of the taxes, they are forced to pay high rates of interest on their mortgages. Big business pays less than three per cent on long term investments; the farmer pays six, seven or eight. A bill is before Congress at the present time asking that the government replace these high interest loans with low interest mortgages. Certainly, there should be some readjustment made. And finally, we propose an immediate cut in industrial tariffs. It is a well known fact that the farmer is forced to buy on a protected market and sell on the open market.

We realize that readjustment of taxes, lowering of tariff rates and a lowering of interest rates on mortgages will not make the farmers wealthy. But we believe that such readjustments would save the farmer a great deal, allowing him to exist until better times raise the prices of farm products. In short, we advocate giving the farmer a "fair break" by placing him on a par with other industries in the matter of taxes, interest rates and tariffs. We believe that the farmer is capable of fighting his own battles if placed on such an equal plane.

The export debenture will not help the farmers. We believe that you will agree with us when we say that Congress should not exact legislation providing for the fixation and maintenance of minimum prices on staple farm commodities.

Negative Question Period

Homer King of Iowa State Questioning Edward Kelly

Question. Now, Mr. Kelly, I'm rather interested in this problem of setting a price. In our questions, we're going to take the example of wheat, since you're probably more familiar with that product, and more interested in it here in Kansas. Do you think that the present price of wheat is high enough?

Answer. No, it isn't.

Question. If your plan was adopted, your board would, then, set a price next year quite a bit higher than the present price. Is that right?

Answer. Somewhat higher, certainly.

Question. Now of course we don't believe that this price can be maintained, but that isn't what's bothering me just now. What I'd like to know is this: Do you think that many farmers at the present time are planting something other than wheat because of the present low price?

Answer. Probably some of them are, of course.

Question. And do some of the wheat farmers continue to plant wheat in spite of the fact that they lose money?

Answer. Yes, with many of them, there's no other crop they can raise.

Question. They hope the price will go up, don't they?

Answer. Undoubtedly they hope so.

Question. You will agree, will you not, Mr. Kelly, that some farmers will plant more acres to wheat if the board guarantees that the price can't fall to an extremely low level?

Answer. Certainly, some farmers will; but not necessarily any great number of them.

Question. So the higher the set price, the greater the acreage?

Answer. Not necessarily; it hasn't worked that way in the past.

Question. But they've never been guaranteed that the price wouldn't fall to a low level in the past, have they?

Answer. Not guaranteed, that I know of. But there have been times when the farmer has been given every reason to expect a high price.

Question. Of course, the farmer has found that mere expectation is not a guaranteed price. But your board will guarantee that the price won't go to a low level. Isn't that right?

Answer. That's the idea.

Question. Of course, Mr. Kelly, you won't admit that there will be an increase in production, because that would be disastrous to your case; but you will certainly admit that there is a possibility of production being increased, won't you?

Answer. I don't know that an increase in production would be so injurious as you seem to think, but of course I'll admit that there's a possibility that an increase in price might cause an increase in acreage.

Question. I thought you'd have to admit that. But let's turn to something else. Now according to your statement a moment ago, Mr. Kelly, we can't maintain a minimum price above the world market until we get rid of the surplus by exporting it. Is that correct?

Answer. So long as we produce a surplus, we'd have to dispose of it in some way or other to secure a domestic price above the world price.

Question. Then to be brutally frank about it, this is really a dumping plan, isn't it?

Answer. It's a plan to get rid of the surplus.

Question. Do you think foreign nations would like to have our surplus commodities dumped on their markets?

Answer. Well, Mr. King, at the present time those foreign nations are buying exactly the same surpluses, at the world price.

Question. Would our people like to have foreign nations pay a bounty to exporters for dumping their products on our markets?

Answer. I don't like the connotation of your word "dumping." However, we certainly would not object to foreign nations shipping products over here that we needed and that we couldn't produce ourselves.

Question. But you know, do you not, that the United States, in order to forestall such dumping actually has a measure on its statutes today, providing for

a raise in tariff on any commodity on which a foreign nation pays a bounty to exporters?

Answer. I've heard that we have such a law.

Question. And you know that all great nations have just such laws in order to forestall such dumping?

Answer. If such laws exist, I know that they haven't kept those nations from importing the food-stuffs which they have to have from abroad.

Question. But you told us a moment ago, didn't you, Mr. Kelly, that unless we could dump our surplus abroad, the home price couldn't be set above the world price?

Answer. I certainly did say that our domestic price could not be raised above the world price unless we got rid of our surplus.

Question. Well, let's turn to one more point, Mr. Kelly. If your plan of paying a debenture on exports of farm products were put into effect, the government would, in effect, be paying a certain sum of money to the exporter for every unit of product sent out of the country, wouldn't it?

Answer. Not at all. The government would not pay a cent out of the treasury, but would merely give certificates to the exporter which could be used in payment of duties on imports.

Question. But such certificates would lower the amount of duties coming into the treasury, wouldn't they?

Answer. Certainly—but the reduction wouldn't be as great as if we lower the tariff as Mr. Kruse proposed a moment ago.

Question. Do you have any idea, Mr. Kelly, just what the cost to the government would be?

Answer. On the basis of present conditions of export of farm commodities, I have a very definite idea.

Question. Did you know that President Hoover estimated that it would cost the government more than \$200,000,000 per year?

Answer. No, but if President Hoover did make such an estimate, he certainly didn't base it on present amounts of agricultural exports.

Question. Of course, that's a harsh, unsupported assertion, Mr. Kelly. But if it did cost that amount, it would be a pretty expensive proposition, wouldn't it?

Answer. Not in proportion to the value received by the farmer, even if it cost that much—but there's no reason to expect that great a reduction in import revenue.

Mr. King. Personally, I'd rather accept Mr. Hoover's statement about that. That's all, Mr. Kelly.

Affirmative Questioning Period

Arnold Chase of Kansas State Questioning

Marvin Kruse

Question. Mr. Kruse, do you believe that the federal government should refuse to aid the farmer?

Answer. No, not if the government can really help him, and if the farmer can't be helped by other means.

Question. Well, let's see. These other means you have suggested are those of lowering tariffs, tax revision, and lowering interest rates, I believe?

Answer. Those are the ones we have suggested. There may be others.

Question. If the actual cost of planting, caring for and harvesting a crop, exclusive of so-called overhead, is thirty cents or forty cents a bushel, then the farmer is going to lose money when wheat brings only twenty-five cents a bushel, no matter how much these overhead items are reduced, isn't he?

Answer. If the farmer continually got only twenty-five cents and if that was his cost, why certainly. But he's getting more than that right now in a depression year.

Question. Well, you know what the farmer got last summer, I think. Now, Mr. Kruse, you gave us a long list of instances where certain types of price fixing had failed—according to your statement. Was there a single instance in that list where the method used was to maintain prices by an export debenture, or some other method of stimulating exports, such as we are suggesting this evening?

Answer. Certainly not, as I have already explained. Your plan is a new scheme for an old principle which has always failed.

Question. But the specific principle of stimulating export was not included in your list, was it?

Answer. As I said, no.

Question. All right. Now, Mr. Kruse, if you gave an exporter a certificate or debenture which he could sell for twenty-five cents or so, for each bushel of wheat he exported, he'd have a pretty strong motive for buying wheat and exporting it, wouldn't he?

Answer. He'd have a strong motive for wanting to, yes.

Question. If he could sell that wheat abroad for, say, sixty cents above costs of shipping, and received in addition a debenture for each bushel worth twenty-five cents more, he'd make a profit even in exporting wheat that he paid seventy-five cents or eighty cents for, wouldn't he?

Answer. If he could sell it, and if other countries didn't raise their tariffs, yes.

Question. Then the question becomes one, essentially, of whether the foreign nations would buy wheat at sixty cents?

Answer. The question of it being profitable to the exporter, yes. But not the question of the whole matter of price fixing.

Question. Now, Mr. Kruse, let me go over this once again. You say that, providing the exporter can find a market abroad for exported wheat at sixty cents a bushel, above shipping costs, the addition of a debenture of say twenty-five cents a bushel would allow him to make a profit by exporting wheat even if he paid eighty cents or even eighty-three cents or eighty-four cents for it, here in America?

Answer. A slight profit, yes. Of course, he'd make a greater profit if he bought wheat here at sixty cents.

Question. Well, with the certainty of this profit, he'd undoubtedly buy wheat and export it, if he could sell it abroad, wouldn't he?

Answer. If he could sell it, yes.

Question. And in buying this wheat and exporting it, he'd shorten the American supply, wouldn't he?

Answer. Certainly, if he could sell it.

Question. And if this exporter and all the other exporters kept this export up, we'd get rid of the surplus, and possibly even have a shortage of wheat on the home market, wouldn't we?

Answer. Certainly.

Question. Well, under those conditions, the price would go up quite a bit, wouldn't it?

Answer. Certainly: if you get rid of the surplus, the price would go up.

Question. Under the conditions I have suggested, it would go up to the amount of the world price plus the debenture, minus, of course, cost of shipping, wouldn't it?

Answer. Certainly, except for a small margin of profit for the exporter.

Question. But you say, all this is conditioned upon the ability of the exporter to sell his wheat abroad?

Answer. Yes.

Question. Well, does England today raise enough wheat and other food products to feed her own people?

Answer. No, England doesn't.

Question. Isn't it true that not only England, but France, Italy, Belgium, Spain, and various other countries of Europe, are all importing wheat and other food-stuffs today, simply because they can't raise enough themselves to meet the need of their own people for food?

Answer. Why certainly; but even the United States imports wheat.

Question. Then so long as these countries must have food, they're going to buy it, aren't they?

Answer. Certainly. But not necessarily here.

Question. Yes, but at present, Mr. Kruse, they are forced to depend for a part of this import of food upon American wheat and other products, aren't they?

Answer. For a part, yes.

Question. All right, Mr. Kruse. Now let's turn to another line of argument you advanced. Has it been the experience of the United States that an increase in price of wheat one season resulted in an increased acreage the next?

Answer. Yes.

Question. Did you know that in 1924, an increase of twenty-five cents a bushel in the price of wheat was followed by a marked decrease in the number of acres planted; and that substantially the same thing occurred in the planting seasons of 1929 and 1930?

Answer. Certainly; but the increase in price was not guaranteed for the following year, as your plan proposes.

Question. Ah, but it was, Mr. Kruse—at least in 1929, when the Farm Board was created, the farmer was given to understand that he could expect an increase in the wheat price, or at least, definitely maintained prices; and still he cut his acreage for wheat for the next year, by over two million acres.

Answer. Certainly, but that was a year of depression, and a good many farmers were bankrupt and

unable to plant wheat. And you'll notice that there were fewer farmers that year, too.

Question. Apparently, Mr. Kruse, you forget the fact that the depression didn't get much beyond the stock market—in which the farmer isn't greatly interested—until along in the spring of 1930, after the wheat had been planted. And the farmer who received one dollar and twenty-five cents a bushel for his wheat certainly wouldn't be bankrupt. But at any event, you'll admit, won't you, that on several occasions in the past ten years, an increase in price has not been followed by an increase in acreage, but rather by a decrease?

Answer. Certainly, under the present system.

Mr. Chase. That will be all. Thank you, Mr. Kruse.

Negative Rejoinder, Homer King Iowa State College

LADIES AND GENTLEMEN: I was rather interested in Mr. Chase's very cleverly worded questions, especially in the last few asked. By those questions Mr. Chase has arrived at the inference that Europe will continue to buy from the United States because there is no place else to go for the food she needs. He asked Mr. Kruse if it was not true that Europe depended upon us at the present time for a part of its imported food. As Mr. Kruse told him, this is quite true. But what Mr. Chase did not tell you was that Europe depended on us for a great deal less last year than ever

before. In fact, it is well known that our exports are falling off every year, partly due to our tariff and partly due to the increase in production on the part of certain other nations, Russia for instance. So we still can't agree with the Gentleman's conclusion that Europe will have to buy *all* of our surplus or starve. Europe didn't buy all of our surplus last year or the year before; or we wouldn't have any surplus. And the mere fact that this plan would make the exporter offer Europe the wheat more readily would not make the Europeans *buy* more from us than they do now—it wouldn't increase the demand. And the demand for all of our surplus does not exist. If it did, the European nations would come to us rather than starve, as the Gentleman suggested that they must do without our wheat. So we see that Europe does not have to buy all of our surplus, for they aren't doing it now; and we don't feel that Mr. Chase's questions have established his contention that we could sell all of our surplus abroad.

Now it seems to me, after listening to the debate so far, that the whole difference of opinions is on two issues. First, would the plan of the Affirmative work in the case of wheat; and secondly, if it could be made to work, is the Affirmative plan the only plan that will aid the farmer. Right here I want to call your attention to the fact that we are discussing the use of the debenture on all farm staples, not merely wheat. And as Mr. Kruse has shown you, the debenture will fail on commodities other than wheat for very different reasons than those which will cause its failure in wheat.

The Affirmative themselves admit that it will fail in cotton, one of the greatest farm staples; and they have absolutely failed to question our proof for the fact that it cannot work in the case of live stock, dressed meat, corn, butter, eggs or poultry. Mr. Chase is going to have to show how the debenture will work in each of these cases before we can accept his plan for debentures on all farm staples.

But let us take up the case of wheat, the commodity in which the Affirmative are so interested. You will remember that it is an example of the type of agricultural commodity of which we export a great deal and which is protected from import by a fairly high tariff.

First of all, let me take up the two issues on which the teams have disagreed so far. First, will the debenture plan work in the case of commodities like wheat if it is put into operation? Now it seems to me, after analyzing the statements made thus far, that there are three outstanding aspects of the plan which dangerously threaten to make it fail in these commodities. First, will the plan increase the surplus enough to make the plan undesirable? Second, will the exporters be able to sell all of the surplus abroad without lowering the world price to such an extent that the plan for fixing prices at home will fail? And third, will the cost of the plan be great enough to make us want to forego trying another experiment, which the Affirmative themselves have admitted has never been tried?

In the first place, will the plan increase the surplus enough to make it undesirable? Now when I ques-

tioned Mr. Kelly on this proposition, he was forced to admit that there was the possibility that the surplus would be increased. In fact he definitely admitted that he believed that some farmers would increase their acreage if the price was raised to a higher level. But he wouldn't admit that it would increase the acreage greatly. Of course I appreciate the reason for Mr. Kelly's reluctance in admitting that the acreage would be increased; for if the surplus is increased to any great extent his plan will of necessity fail. But Mr. Kelly's mere refusal to admit a great increase does not disprove the fact that it will be bound to appear. It is only logical to believe that, if a farmer is willing to plant much wheat when he is running the chance of an extremely low price, that same person will be willing to take a bigger chance if he is guaranteed that the price will not fall below eighty cents or a dollar or a dollar and a half or any other price which the board may set. Of course we don't know how high this minimum price will be—that very question will undoubtedly become a national political issue, if the legislation is enacted. But the point is that if the price is set very low, the Board won't be helping very many farmers. During the war the government declared that three dollars was a fair price. So we believe that it is logical to believe that the surplus will be greatly increased in the case of wheat, should the plan be adopted. This increase in surplus, as Mr. Kruse has already pointed out, will of necessity cause the plan to fail. We see that the plan is inherently weak in that respect.

Secondly, will the plan be too expensive to be feasible? Now Mr. Kelly again refused to admit a very evident fact. If the government pays the exporter in debentures, the government will receive that much less tariff duties on imports. So the government will lose that much income. In effect, every dollar's worth of debentures will cost the government one dollar. Now, that in itself doesn't matter if the cost isn't too great. But President Hoover has estimated that such a plan would cost the government \$200,000,000 annually. So the cost will be great. In fact, the war export board spent \$500,000,000 in a year and a half in exporting wheat during the war, and they paid no debentures. Of course the government won't do the actual exporting under the Affirmative plan, but it will bear the cost of exportation. For the exporter has to pay this cost—and he has to make a profit, too. As the Affirmative has indicated, this cost and profit must come from the debenture. Certainly, then, there is every reason to believe that the cost will be great. And if the cost is so great, we cannot afford to experiment with the plan unless we are absolutely assured of its success. We've had enough experimentation with price fixing by the Farm Board with its hundreds of millions of dollars squandered on an idea that failed.

And lastly, will the exporters be able to sell all of the surplus abroad? Even though there was no increase in surplus, the exporters wouldn't be able to sell the wheat abroad and still give our farmers an increase in price. For most of the great countries of the world have a tariff on wheat, and a provision on their statutes

to the effect that they will raise that tariff if we pay a bounty to exporters for dumping. Besides, the exporters cannot get rid of the surplus today. There is not enough demand. So in order to dump the wheat abroad, they would have to sell it at a big discount. The mere fact that we want to export wheat badly will not make the Europeans want to eat more of it. And if the exporters are forced to sell by cutting prices, they can't afford to pay most of the debenture to our farmers. So the exporters couldn't get rid of all of the surplus and still pay our farmers the minimum price. Consequently, the plan wouldn't help the farmers, or else it wouldn't get rid of the surplus. And the Affirmative have admitted that unless we get rid of the surplus, price fixing will fail. Furthermore, remember that all this is supposing that there is no increase in surplus. With the increase in surplus that is bound to occur, the plan would be hopeless.

So we see that the Affirmative plan for raising the price on commodities like wheat is hopeless. Likewise, we see that the debenture will not maintain a fixed minimum price on any of the other farm staples. Then, since the plan will not work, we don't believe that it should be adopted, even though there was nothing else that could be done. There is no need of adding to our present predicament by placing an added burden in the form of taxes on the shoulders of the American people.

But there is another way of aiding the farmer—*by lowering his high overhead*. The Affirmative Gentlemen have objected to this suggestion by telling you

that so long as the price of wheat is lower than planting costs, it will do no good to cut overhead. I believe that Mr. Chase mentioned twenty-five cents a bushel. Of course the price isn't that low, even in this year of depression. But his inference is that you can't cut overhead enough to allow the farmer to make profits. Now we have not intimated that the farmer is going to make huge profits if we merely cut his taxes and interest rates and lower the prices of industrial articles by lowering the tariff. We admit that nothing can make him rich in a time of depression. But we do maintain, as have some of our own Western Senators, that such a plan would allow the farmers to exist until better times are in sight. That is about all that anyone can hope for in times like these. Certainly, it will be of some help to have taxes and interest rates cut. It will save the farmers that much money. It is merely a plan that will give the farmer an even break with other industries. That certainly should be done, even though the export debenture is accepted. I was extremely surprised to hear the Affirmative Gentlemen condemn it. I was under the impression that they wanted to help the farmers. And most certainly, since the debenture cannot work, we should do as much as possible to help the farmer.

So I believe that you will agree with Mr. Kruse and myself when we maintain that the government should not adopt the Affirmative plan of fixing agricultural prices by an export debenture, because such a plan cannot maintain a higher price on any staple crop, and because it will merely prove to be another useless bur-

den on the American people. We will have to find some other means of helping the farmer. But in the meantime, there should be a revision in taxes, a lowering of interest rates on mortgages and a lowering of industrial tariffs in order that the farmer can have an even break with other industries.

Affirmative Rejoinder, Arnold Chase
Kansas State College

LADIES AND GENTLEMEN: I shall not have time in the few minutes remaining to consider all of the points at issue in our discussion in a detailed way, so I shall try to take up only the points which are really vital.

First of all, I'd like to stress the fact that both Mr. Kruse and Mr. King have agreed with us that the farmer is in a distressing plight, and further, that the government should act to relieve agricultural distress. At least that far, we are all in complete agreement.

There have been two principal angles to the arguments of our friends from the state of Iowa. First, they have brought up a number of objections to our proposal for maintaining fair prices by use of the debenture; and second, they have suggested another plan for aiding the farmer. I'd like to reverse the procedure a little, and take up their plan for helping the farmer first.

Stated briefly, Mr. Kruse's plan for farm relief is to reduce the farmer's overhead by lowering the tariff, by reducing taxes, and by cutting the interest rates

on farm mortgages. Let's consider each of these methods separately.

First, with reference to lowering the tariffs, I might be so unkind as to use our friends' own argument against them, for I believe you will recall how Mr. King insisted that the debenture would reduce the government's revenues from import duties, and how vital it is that at this time, governmental revenues should not be reduced. And now Mr. King joins Mr. Kruse in suggesting that all tariff rates should be appreciably lowered—which would surely reduce the government's revenues far more than would the debenture. But there is a more important fact to be considered. We are not dealing with what is desirable alone, but likewise with what is likely to happen. And there isn't the slightest possibility that Congress will even consider the idea of lowering the tariff. So Mr. Kruse's first method of aiding the farmer is utterly impractical.

But second, he suggests that interest rates on farm mortgages be lowered. I'll ask you frankly; do you really think that in these times of tight credit, when farm loans are a drug on the market, there is the slightest possibility of lower interest rates on farm mortgages? Of course, Mr. Kruse tells us that there is a bill in Congress providing for loans to farmers at low rates. I'd like to remind him that under the Federal Farm Loan act, loans to farmers at fairly low rates have been available for years—but so hedged around with restrictions that not one farmer in ten can take advantage of them. And even if low-interest loans were made available for all farmers, that wouldn't

help the basic situation. The farmer doesn't want to be given new facilities for going further into debt—he wants to be able to get out of debt. And that is possible, only when prices are high enough to allow him to make a profit. So Mr. Kruse's second method of farm relief holds forth little promise.

And finally, his third solution—lower taxes. I'll willingly agree that the farmer is bearing a disproportionate share of the tax burden. But is there any real probability of relief? To be sure, there is a cry from the farmer for tax relief—but mark this fact: practically every state in the Union is going right ahead, increasing its expenditures; and our legislatures are interested in tax reform only as a means of finding new forms of taxes to add to those we already have. There is no hope for the farmer along this line, at least for years to come.

So Mr. Kruse's suggestions for farm relief, while no doubt eminently desirable, are absolutely worthless as a practical policy, as there isn't the slightest chance of a single one being put into effect. But you will recall, both Mr. Kruse and Mr. King agree with us, we have to do something to put the farmer on his feet. Their proposal has proved impossible; so now let's turn again to the method that we have advocated—that of maintaining reasonable prices through use of the export debenture.

Our friends from Iowa have made a variety of attacks on the debenture plan, but I believe that all their arguments may be grouped around five main points.

So I want to give a little attention to each of these five basic objections.

First of all, Mr. Kruse spent nearly half of his total time in relating various instances of failure of price fixing, and attempted to leave the impression that all efforts at price fixing in the past have failed. Now if I wished, I might cite to Mr. Kruse numerous instances where government price fixing has been wholly successful—the experience of the United States itself during the world war, for instance, in which prices were fixed and maintained without the slightest variation on more than two hundred fifty different commodities, or the price-regulatory methods in use in Germany today. But after all, whether price fixing by government fiat has succeeded or failed, either in recent years or back in those periods of ancient history with which Mr. Kruse chiefly occupied himself, is entirely beside the point. We aren't advocating the fixing of prices by government dictum; we are advocating the use of a debenture plan to make it profitable for traders to buy and so send the domestic price up to the desired level. And if you will recall, Mr. Kruse was forced to admit during the question period, that not a single one of his instances of price fixing failure had the slightest relation to price stabilization of that sort. So that objection simply doesn't happen to fit the debenture plan.

Next, Mr. Kruse made use of a somewhat different method of attack. More or less admitting that the debenture might succeed if applied to wheat, he argued that it wouldn't work in the case of other commodities.

It won't work with live-stock, he says, because only dressed meats are exported. Well, although Mr. Kruse apparently doesn't know it, there does happen to be a market for live animals in other countries; much of the export from the Argentine is in the form of animals on the hoof, and our own Department of Commerce tells us that our own country has an annual export of live animals averaging over six million dollars. With the stimulus which a debenture would give, the export of live cattle and hogs could be greatly increased, and the domestic price raised accordingly. Then Mr. Kruse tells us, there isn't any European market for corn—but again, the United States Department of Commerce thinks otherwise. It is true that we export less than one per cent of our total corn crop; but there is a market, and with the aid of a debenture, our export of corn could be increased at least enough to bring about a marked raise in price. And finally, Mr. Kruse tells us that the plan will not work in the case of cotton, since we have no tariff. We fully agree with this; Mr. Kelly told you in his opening talk that a tariff on cotton would be necessary to make the use of the debenture effective for that crop. But even Mr. Kruse isn't willing to argue that given a tariff on cotton, the debenture could not be applied to that crop. So the second line of objection advanced by our friends from Iowa State seems to have little force.

This brings us to the line of argument advanced by Mr. King, in the talk which just preceded mine. He tells us that there are really two big issues at stake; whether there is a better method of farm relief—and

we have already handled that, I think, sufficiently—and second, whether the debenture plan would work in the case of wheat in particular. And with respect to wheat in particular, he raises three objections.

First, he tells us—and this is the third main objection our friends from Iowa have raised—that it would be too expensive—that it would reduce government revenues from import duties. It seems to me that this argument comes from Mr King with rather poor grace, in view of the fact that both he and Mr Kruse have advocated drastic reduction of tariff as a method of farm relief, and that such reduction would certainly reduce government revenues far more than would the debenture method. At any event, the fact that both Mr. King and Mr. Kruse have suggested tariff reduction as a method of aiding the farmer must certainly indicate that they believe the farm situation serious enough to justify expenditure from the federal treasury, so long as the farmer is aided, and I believe that we have shown that the debenture would definitely better agricultural prices. So this third main objection is hardly enough to show that the debenture is undesirable.

Mr. King's next line of attack, stressed both during his question period and in his concluding speech, was an attempt to show that under the debenture system, the American exporter could find no markets for his products abroad. Mr. King talked at some length about ruinously high foreign tariffs against wheat in particular; about anti-dumping regulations, and the like. But Mr. Kruse more or less nullified everything

that Mr. King said, when he admitted, in reply to my questions, that European nations are importing wheat today, because they need it for food; and that as long as they need it, they will continue to import it in spite of tariff duties. Indeed, we find that the grain supply of leading European nations—and incidentally, those which have the highest tariffs quoted by Mr. King—are so far short of their food requirements that last year, Germany had to import thirty million bushels of wheat; Italy eighty-three million bushels; France forty-five million bushels; Belgium forty-five million bushels; and the Netherlands thirty-five million bushels, in spite of these high, prohibitive tariffs. So again, on Mr. Kruse's admissions, and on the facts presented by our Department of Agriculture, it is very evident that there is and will continue to be a market for American wheat abroad; and so Mr. King's fourth objection is invalid

There remains one further objection—one to which both Mr. King and Mr. Kruse have devoted particularly great attention. Both of them have told us that the inevitable effect of any increase in the price of wheat or of other commodities would be to increase supply and make the existing surplus even greater than it now is. And so they argue that the price should be no greater than it now is, for fear of causing a greater surplus. But is it true that a higher price on wheat, for example, really would increase the supply, or rather, would tend to increase acreage and so cause a greater supply? It happens that the records of the past do not bear out this assumption. During the past twenty

years, we find for fourteen years an annual average price on wheat higher than that of the previous year. And of these fourteen years, in only five cases do we find that the increase in price resulted in an increase in wheat acreage for the following crop season—in the other nine cases, the increase in price was followed by a decrease in acreage. I called Mr. Kruse's attention to one or two of these cases during the question period, and Mr. Kruse attempted to explain the fact away by saying that the higher price was not guaranteed for the coming crop season. But it happens that we have at least one case in which a price was guaranteed for a succeeding season, so let's see what happened in that case. In 1929, when the Farm Board was created, it did very definitely promise the farmers a continuation of high wheat prices for the coming season—a price in fact, of one dollar and twenty-five cents a bushel, Chicago. But in spite of that definite promise, there was a reduction in wheat acreage for 1930 as compared with 1929, and a further reduction in 1931. So even a guaranteed high price, in the only case in which such a price has been guaranteed during the past ten years, failed to produce the increase in acreage that Mr. Kruse and Mr. King predict. And we have no reason to believe that the prices announced by a Stabilization Board—remember that these are not to be artificially high prices, but prices adjudged reasonable by the Board on the basis of economic conditions—we have no cause to believe that these reasonable prices would increase wheat acreage, in spite of all that

our friends from Iowa have said. And so their fifth and last objection has been met.

From the beginning of this discussion, our friends have definitely agreed with us that the farm situation is such as to demand relief, and that the government must act. You have been given a choice of two forms of action by the government; the method of reducing tariff duties, interest rates and taxes, which while highly desirable, simply doesn't stand a chance of being put into effect; and the method of securing reasonable prices through use of the export debenture. Our friends from Iowa have attacked the debenture from every angle from which attack is possible; yet I believe that from their own admissions, and from the facts which we have presented, the validity of these attacks has been destroyed. So in summing up the situation, this is what we find. The farmer is desperately in need of aid. That aid must come from the government. Reduction of tariff, of taxes, of interest rates is so improbable that nothing can be hoped for along that line. The only plan which holds forth any promise of success is that of maintaining reasonable prices by use of the export debenture. And so tonight, I strongly urge that our government should adopt the debenture as a means of securing fair prices for the farmer, and bringing prosperity back to the United States.

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OLD AGE PENSIONS

A Discussion of Old Age Insurance

OLD AGE PENSIONS

KENT COLLEGE VS. DEPAUW UNIVERSITY

On January 3, 1932, Radio Station WGN (Chicago Tribune) broadcast a debate between DePauw University and the Kent College of Law on the subject of Pensions for the Aged. The question was stated: *Resolved*, that the several states should adopt uniform systems of Old Age pensions.

This is another of the social insurance subjects growing out of technological unemployment and the financial depression. Should machine efficiency and economic saving be passed on to the discarded workman—should he not share in the general prosperity that economic saving brings? Does society owe nothing to the superannuated workman—especially since we have shortened the period of employment for the average man and have discarded him long before his strength and ability have lapsed into uselessness? Does not the necessity of buying power if we are to continue to produce in quantity, demand the sharing of industry's profits beyond the actual contribution of the workman—or is this merely a system of deferred payment? If so, has it merit?

The fact that college students are interesting themselves in these social and economic questions and that the radio is taking them to a public that would not usually find its way to a college debate, is one of the hopeful signs in modern democracy.

The debate was contributed by Professor Herold T. Ross, debate coach at DePauw University, with the coöperation of Mr. William M. James, director of debate at Kent College of Law.

First Affirmative, John W. Cavanaugh
Kent College of Law

LADIES AND GENTLEMEN: The social problem we are discussing this afternoon is one of the great contin-

gencies in the life of every American wage earner along with accident, sickness, and unemployment. This problem of old age is one of first magnitude in these United States where industrial development plays such an important rôle in our progress and prosperity.

If we are to follow the ethical principle that the government exists for the citizen and not the citizen for the government, we must accept this social responsibility with all its glaring faults; we must realize that the problem of dependency in old age runs deep into the social structure of our industrial society and that the present machinery for relief has proved grossly inadequate.

Within the last fifty years our Nation has undergone a complete economic and social change. Congested cities now reach out to engulf the open spaces of the country side. The primitive American town of the "gay nineties" has taken on all the airs of its neighboring metropolis. Thousands upon thousands have left the quiet comfort and security of the farm for the turmoil of the factory or the confining existence of working in a skyscraper. We have become a nation of cliff dwellers, the rambling homestead of ample and expansive chambers has been deserted for the three and four room kitchenette. Food and clothing now come only by a cash outlay and the ominous figure of the landlord is perpetually camped at the door step.

No longer, therefore, can the aged rely on their ancient social prerogatives. The dependent aged of our present society can no longer be assured of a place at the fireside, a bed upstairs to sleep in, a welcome at

the dinner table, and best of all, a steady job with the chores, or a bit of work in the shop.

The great mass of our present population lives in ignorance of this primitive and rural America that our grandfathers and grandmothers once knew and loved. Likewise, our people today, if left to themselves, fail to recognize the responsibilities and the uncertainty of life.

The question of what to do with the ever increasing numbers of men and women who are threatened with dependency in old age challenges the ingenuity and prudence of our statesmen and industrial leaders.

The average American family of today must indeed be possessed of great resourcefulness even to make both ends meet, to say nothing of being able to save. Consider what sacrifices must be made to rear a family. It is far more expensive under existing economic conditions. Years ago a child soon became an important contributor to its own support, whereas at present in industrial communities, where school attendance and child labor are in force, the parent must provide the entire support of the child up to fourteen or sixteen years of age.

Further the worker's income is seldom as large as the wages he receives, as seasonal employment cuts down what he might earn and cyclical depressions, such as we are now undergoing, throw hundreds of thousands out of work and compel them to use any savings they may have been able to accumulate.

Mass production has driven out the small producer; chain stores, chain banks and mail order houses are

driving out the small dealer; mergers and consolidations are increasing efficiency, but cutting down the number of workers needed.

All these changes have intensified the demand for youth and vigor in our workers and a man now is too old for industry at fifty or fifty-five. Ironically enough, science and medicine have increased the wage-earner's life expectancy, so he is confronted with the dilemma of longevity on the one hand and loss of livelihood on the other. It is the duty of our government in conjunction with American industries and businesses to devise a plan of old age pensions to provide for these sad victims who, when industry has relegated them to the "human scrap heap," must face the ignominious consequence of the almshouse.

The United States as a nation stands alone among the industrially developed countries, in still applying antiquated methods of relief to this twentieth century problem of old age dependency. Under our present system almost the only measure of public relief for the aged dependents is the almshouse. In spite of our superior economic social order and incredible wealth, we continue to send the unfortunate aged victims of our progress to these almshouses where the sick and the well, the mentally defective, the worn-out criminal, and the dangerously diseased are crowded together with little discrimination. Very often these poorhouses are of a peculiarly unattractive type where the old couple is separated and compelled to live in surroundings that are filthy, verminous, and foully un-

sanitary. To force respectable aged dependents to live in a mess of insanity and depravity is downright inhumanity and a smirch upon our civilization.

A system of old age pensions with Federal governmental aid will correct this. To ameliorate the present condition, we of the Affirmative advance a plan with these features:

First of all we would continue the great good now being done by many large industries and businesses with direction of old age pensions. To do this we advocate the adoption of the plan of Gerald Swope, President of the General Electric Corporation. In his plan that is now working successfully in his own corporation, Mr. Swope outlines a system of old age pensions whereby the employee contributes to a pension fund during his useful years. Mr. Swope advocates control of this nation-wide industrial and business pension plan by a federal supervisory board in order to stimulate interest and provide for the education of our citizens to this responsibility of caring for the aged.

A simple illustration of this plan as it is now working in the General Electric organization will explain more clearly how it operates.

Let us assume that a young man comes to a particular industry at the age of twenty-five and remains to the retiring age of sixty-five—a period of forty years—and say his average wage is forty dollars a week or two thousand dollars a year. The pension at the time of his retirement will be thirty dollars a week or seventy-five per cent of his earnings, ten dollars of

which will have been accumulated from his own savings and twenty dollars from the pension fund provided by the company.

Through government supervision we would make this plan compulsory and uniform in all states so that employees could transfer from one industry to another without losing the benefit of their years of service in the former place of occupation.

This feature which we propose will be giving millions of our daily breadwinners a protection that they, themselves, have helped to provide.

Secondly, we advocate a compulsory Federal pension plan for the several states to care for those unfortunate aged dependents who during their productive years have been unable to set aside enough to support them in their old age. A nation-wide plan of this type working in conjunction with our first proposal of a national industrial pension plan would effect many economies besides doing away with the abuses of the almshouse. It would give greater happiness and contentment to our aged dependents, who, with the income our plan provides will be able to continue life together among their accustomed surroundings, doing whatever comes within the limits of their powers, and sharing in the normal interests and activities of their advancing years.

In conclusion, we of the Affirmative feel confident that the people of the United States are ready to face this problem; that they are through burying their heads in the sand like the proverbial ostrich; that they are ready to meet the facts of this social evil of old age

dependency without fear of being accused of paternalism or socialism.

First Negative, William Spray
DePauw University

LADIES AND GENTLEMEN: We have listened with interest to the arguments of our worthy opponents, and we hasten to assure them and you that we of the Negative are most emphatically in favor of care for the aged—in favor of the best possible care that can be provided for their every need. But we do not believe that old age pensions ever were or ever will be so designed as to provide the aged with the real care which their condition necessitates.

If pensions can accomplish this end why have they not done so in the past? The plan is not new. Experiments have been conducted with it since the 1890's, as our opponents have told you. England, New Zealand, France, Germany, Belgium and several of our own states have on occasion adopted pension laws. But despite the arguments advanced here this afternoon, these plans have failed to provide the real care promised by their supporters. L. J. Conant, an eminent authority, says: "Indeed it is hardly too much to say that the history of pension schemes has been a record of mistakes and failures."

The fundamental reasons for these failures are not obscure. For one thing, many old people are incapable of handling pension money so as to obtain good care for themselves. Some of them suffer a decline in men-

tal power to the extent that they are irresponsible. Some of them have built up life-long habits of improvidence. These groups simply cannot use money wisely; they need more direct attention. To indicate that this objection is not simply a flight of my own imagination, I quote Charles L. Edgar, who summed up an investigation of the pension system in Montana by saying, "Many of the aged poor were found to require constant care. . . . Some of the aged in receipt of the maximum pension were found living in shacks, in indescribable filth and misery. Some had wasted their entire pensions on liquor." A system which results in such care as this is certainly anything but desirable.

But even if all these people were provident and economical they could scarcely produce a living from the pitiable allowances supplied by pensions. And this sum is now over thirty dollars per month. At least forty per cent of the pensioners could get no support from children. What kind of a living can such persons get for thirty dollars per month? Very often they are so enfeebled as to require the attention of a nurse, and this, too, they are expected to get with their thirty dollars. Good food, clothing, shelter, heat, light, medical attention; all must be paid for. It isn't being very kind to an old man to hand him thirty dollars each month and say to him, "Now take this and get out of the way; don't bother us any more." We cannot discharge our obligations with thirty pieces of silver. That would be a very convenient way for us to dismiss the matter, but it would not *care* for the aged. Such a system is not generous; nor even humane. Imagine

yourself thrown into the cold world of depression with no earning power and no support except a thirty dollar pension per month. To force anyone to accept such a condition of life is needlessly cruel. Can our opponents show that pensions have ever done any more for aged persons than to carry them along in a miserable and degrading plane of existence? What proof can they offer?

Now can the Gentlemen from Kent, faced with this weakness in their proposition, advocate the payment of a really adequate sum? The Census Bureau gives the average wage today as about one thousand two hundred dollars a year. Yet, for obvious reasons, it is not proposed to pay our 1,800,000 aged dependents this amount. The total cost would be staggering—so staggering that not even the most enthusiastic pension advocates have ever suggested it.

The inadequacy of the pension plan is well demonstrated by its record in this country. While it is true that six states have made it optional with their counties, only fifty-three of the two hundred eighty counties affected have ever tried it. The experience of these few does not seem to have recommended the plan to the other counties. Pensions, the county officials have seen, fail to provide adequate care which must be arranged anyway. In view of these facts is it not reasonable to turn to some other method of meeting the situation which will actually give the aged the *care* they need and deserve?

Past generations have not been blind to the needs of their elders, but have long recognized that provision

must be made for the suitable care of the aged. Fraternal organizations of all kinds, as well as state governments, have admitted that good care of their aged comes not through giving them a mere pittance of a monetary allowance, but by giving them institutional care—a care which is both cheaper and more adequate than anything else ever devised.

My fellow students join their individual buying powers with mine in a collective enterprise by which we gain all the advantages of an education at a much smaller cost. Common sense dictates that this principle of combined buying power should be used to secure adequate care for the aged. And in spite of the fact that many county poor farms in our states are disgracefully and incompetently managed, it is still apparent that institutional care is the best that can be given our old people. A United States Bureau of Labor survey indicates that the fraternal, the church, and the soldiers' homes are splendid in equipment and management. They usually provide private rooms; excellent dining halls; doctors, nurses, and hospital equipment; elevators; recreation; and a score of other comforts. Most of them have libraries, card rooms, and motion pictures. Barber shops are found in some of them. As a rule they are situated in beautiful locations, surrounded by parks and gardens. Every attempt is made to meet individual needs; one home even supplies a man whose only work is to read to the blind. The Soldiers' Home at Milwaukee has a library of twelve thousand volumes. The old people are allowed to visit and to receive callers. Almost no home is without

some regular religious service. Can the Affirmative provide care like this with a small pension?

All this relief is afforded in institutions which care for about as many of the aged as do the county poor farms. Nor is there any reason why the county homes, properly reorganized, cannot be just as excellent. In fact, according to the Bureau of Labor, many county homes are already equal to private institutions. The only change that needs to be made is an improvement in administration, which can be brought about largely by county consolidation. Just as many one-room school houses of a county were consolidated into one fine central school, so can several counties consolidate their homes for the aged, and provide them with finer care at a smaller cost per county.

The institutional method of caring for the aged has been shown to be adequate, so that the reasonable thing to do is to develop this system instead of trying out the plan of pauper pensions. The one plan, pensions, would turn the aged adrift with a small sum of money; the other would look after and provide the aged with care for their every need.

Shall it be with love and solicitude or with thirty heartless pieces of silver that we discharge the noblest duty and obligation of our generation?

Negative Rebuttal, John Millett
DePauw University

LADIES AND GENTLEMEN: My colleague has already pointed out to you that we of the Negative are heartily

in favor of care for the aged, that we recognize that they are deserving of care, and that we have not, as the gentlemen of the Affirmative obviously have been, deluded into any materialistic belief that care can be satisfied by mere money. We are thankful, indeed, that we recognize that there are greater things than mere money, and to these we think our aged are by all rights entitled.

Now in the first place we are confronted with several glaring inconsistencies in the argument of the first speaker for the Affirmative this afternoon which throw suspicion upon all that has been so freely declared. The speaker has painted in eloquent words the deplorable picture of the industrial laborer of today. Emphatically has he declared that the workman's days of useful toil are short, and his wages small, inadequate indeed to meet the burden of supporting himself and family. Yet his plan calls for contributions to be made by this same workman out of his "pitifully small" salary to a pension fund whose benefit he is to receive sometime in the future, provided of course that he lives that long. On one hand the speaker declares that the workman's salary is too small to enable him to save, and then on the other hand he advocates a plan which amounts to compulsory saving. Here are contradictory propositions; which would the Affirmative have us believe? In arguing necessity the Affirmative bemoans the forced retirement of underpaid workers at fifty; in presenting the plan, they use as a typical worker, a man drawing two thousand dollars a year and working until sixty-five. The gulf between these two positions

is the distance between the theory and practice of their proposal.

Then they say those who have not been able to get a job will receive a pension from the government without having to contribute one cent to it. In other words the man who works has to contribute, but the man who doesn't work gets the pension anyway. If this is not placing a handicap and burden on the laborer, the man who works, then what is it?

Another startling defect in the proposition for old age pensions confronts us. We are a nation of cliff dwellers, of poor and unsanitary homes, says our friend from Kent. Yet would he have a pension fund to enable the workman to struggle along in just such conditions as these? What else can you expect on thirty dollars a month and neither through compulsory saving and industrial contribution, nor through state pension funds are we going to be able to give workmen enough money to permit them to maintain in old age a home on Riverside Drive.

These striking inconsistencies in the case of the Affirmative are sufficient to cast a cloud of doubt as to the accuracy of all that the first speaker says.

Moreover, the practical difficulties which obstruct the plan are numerous. How much will be paid to the aged? Who will determine those deserving of pensions? What will be the cost of administering the pension fund? And finally the greatest problem is this. A large fund is going to be built up by the industries of money contributed by the workman and the company. Furthermore, a fund will have to be built

up by the state to pay the pensions of those who have not earned anything. How is this fund, then, to be administered? It is an elementary principle of economics that the holding out of circulation of a large sum of money would be death to our industrial structure. The problem of investment therefore confronts us. That this is in truth a tremendous problem you have only to consult the difficulties the United States government has had in its pension fund for its own employees. Think of multiplying that problem on a scale to include all our aged and then you will approach a realization of what is implied! Losses are bound to be sustained in investment. Who would dare deny that fact in this day? And when the pension system begins to default, confidence will be forever destroyed.

The poor and the laborers live in miserable conditions today. This the Affirmative declares. Why give them just enough money to enable them to continue to live in that fashion? The answer to the problem of old age care lies not in absolving our obligation by the mere gift of a pittance of money, but rather in the field of better homes for them. County consolidation is being carried on now, and there are already hundreds of fine, beautiful homes where every need of the aged is cared for. The Affirmative is not providing for care for the aged, but just giving them a bit of money, and even then they cannot always guarantee to the people that money. It is better to continue on our present path toward *adequate care* for the aged which can be seen in our present tendencies, rather than to start all over again on a new uncharted way. What we need

is not old age pensions, but a renewed enthusiasm and determination to carry our present process to its conclusion.

Affirmative Rebuttal, Roger Severns
Kent College of Law

LADIES AND GENTLEMEN: Our friends of the Negative have ably and clearly stated the case against old age pensions. Our task, then, is to disprove the charges, to defend the accused.

Old age pensions fail, they tell us, because many old people are incapable of handling money due to declining mental power, habits of improvidence, and drunkenness. We will admit that there are incompetents among the aged poor, just as there are recipients of civil war pensions and more recent soldier's bonuses who have squandered them for a mess of pottage. That in itself is no argument against old age pensions.

The gentlemen charge that pensions are inadequate—failing to provide even a bare living. We would discharge the solemn duty of society to its faithful servants, say the Negative, with thirty pieces of silver. No, gentlemen, not with thirty pieces of silver do we pay society's debt, but with the greatest boon within our power—a guaranty against absolute, total dependence when the afternoon of life is reached. Gone is the haunting specter of a pauper old age with no alternative but the poorhouse, that keeps every man looking back over his shoulder with a shudder. Better should he have the thirty pieces of silver, than depend

upon the doubtful mercies of friends and relatives or of public charity. The gentlemen tell us that forty per cent of the pensioners can get no support from children or relatives. How obvious then, that industry and society must discharge their obligation. Better the thirty pieces of silver than starvation in a desolate old age. Better an income even though small than the humiliation and shame of the almshouse. Corporations such as the International Harvester Company, operating under pension systems, pay as high as fifty to a hundred dollars a month to faithful employees.

The gentlemen would indict old age pensions because they do not care for the aged. But to so indict they must first assume that the aged as a class need care. The vast majority of those who make up the aged poor are not decrepit, incompetent, blind, or sick. The majority are those whose steps are merely a trifle slower than they once were. Industry says to these, "Your hand is not as quick, your feet not as swift, make way for youth." Many are in the prime mentally; many can still find ways to use their remaining physical powers in gainful labor. What a boon to them would be even the thirty pieces of silver of which the gentleman spoke so depreciatingly. A guaranteed income, an endowed old age, if you please. It would spell the difference between courage and despair, between independence and beggary.

The gentlemen of the Negative have said that old age pensions have been a failure wherever tried. Germany adopted an old age pension law in 1889. Great Britain in 1908, Austria in 1909, France in 1910, Bel-

gium in 1920. And in every one of these countries old age pension laws are still in force. Not in one single instance have they been abandoned or repealed. Yet the gentlemen tell us they do not work.

Finally, our friends of the Negative have told you that the need of the aged poor has been met by institutional care provided by fraternal and religious institutions and county poor farms. We do not belittle the splendid work done by institutions. But the best institution is a poor substitute for a home, humble though it may be. The report of a committee of the United Mine Workers speaks thus of institutional care in Illinois: "This committee has paid a personal visit to each of the eighty county homes of this state. We have found conditions varying from the very best to the most horrible. Even in the very best, where the inmates had nothing but praise for their treatment, it was a touching sight to see how their old faces would light up with joy and hope at the mere suggestion of a pension that would enable them to go home and live and die among familiar scenes and happy associations now lost to them forever." That is institutional care, ladies and gentlemen, with its libraries and its hospitals, complete in every detail save one—Home. No institution however fine its physical equipment, however kind and efficient its personnel, can ever take the place of home to independence-loving American citizens. It is obvious that the sick, the crippled mentally and physically, must be cared for in institutions. But the vast majority of our dependents who have no other affliction save that youth has passed them by, do we not owe

them something better than commitment to an institution for life? When we sentence them thus, are we not making it a crime to be old?

The gentlemen of the Negative pass from extolling the benefits of institutional care to a suggestion that the remedy lies in a reorganization of our institutions, thereby admitting that institutions are not adequately meeting the situation. To try to bring together and centralize all of our various institutions is to attempt the impossible.

The Negative have cited the failure so they say of state laws by which the payment of pensions has been made optional with the counties. But does this not strengthen rather than weaken our contention that the Federal Government should adopt a system of old age pensions?

The problem of these whom industry no longer needs, these who are outstripped in the race of life, is capable of solution. May that solution come through kindness and understanding, and the realization that the aged of today were the youth of yesterday. In the words of the poet:

“Let not ambition mock their useful toil,
Their homely joys, and destiny obscure;
Nor grandeur hear with a disdainful smile
The short and simple annals of the poor.”

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UNEMPLOYMENT INSURANCE

An Intra-Collegiate Economic Discussion

UNEMPLOYMENT INSURANCE

CARLETON COLLEGE AFFIRMATIVE AND NEGATIVE

The following debate on Unemployment Insurance is one between the two teams at Carleton College after their regular season had closed. During the season the Affirmative team took an extended trip through the east, holding two decision debates and the rest non-decision. One decision debate was with Creighton University of Omaha, Nebraska, at Northfield, Minnesota, prior to the trip and was won by Carleton two to one. The second decision debate was held with American University of Washington, D. C., and was lost by a two to one decision, the chief argument being that the plan of the Carleton Affirmative was not insurance but something else. The present debate takes up this issue.

The Carleton Negative team met five colleges in debate on the home floor at Northfield all of the non-decision type. The question was stated: *Resolved*, that the several states should enact legislation providing for compulsory unemployment insurance to which the employers must contribute. Reservations: 1. Constitutionality waived. 2. All employers employing less than ten men not to be considered. 3. Strictly seasonal industries to be exempted from consideration.

The Carleton speeches were collected and contributed by Professor I. M. Cochran, of the Department of Speech of Carleton College.

First Affirmative, John Whyte
Carleton College

LADIES AND GENTLEMEN: The question for debate this evening is *Resolved*: that the several states should enact legislation providing for compulsory unemploy-

ment insurance to which the employers must contribute. Three reservations have been made: first, that the constitutionality of the measure is to be waived; secondly, that all employers employing less than ten men are not to be considered; and thirdly, that strictly seasonal industries are also to be exempted from consideration.

Perhaps it would be well for us to define exactly what we mean by "compulsory unemployment insurance," by the term "unemployed," and by "strictly seasonal industries." By "compulsory unemployment insurance" we mean a social insurance which will guarantee the insured employee a definite sum of money during the periods in which he may be unemployed through no fault of his own. When we refer to the term "unemployed," we simply mean a man who is willing to work but is unable to find work. By "strictly seasonal industries" we mean those industries which are directly affected by weather or climatic conditions and not by business custom, such as canning, agriculture, or shipping.

Nearly all of the eminent political scientists of our day are in agreement that there are three fundamental obligations of every nation to the citizens within its domains. These are, briefly speaking; first, its obligation for the setting up of an adequate standard of money and credit; secondly, its obligation for the protection and facilitation of commerce; and, lastly, its responsibility for the protection of labor and the workingman. Now the first two of these obligations have been largely fulfilled in the United States. In

regard to the third obligation, however, namely, the responsibility of each and every government for the protection of labor and the working man, we of the Affirmative do not feel that this has been fully carried out in the United States. True enough, we have witnessed the passage of some notable pieces of social legislation such as compulsory working men's compensation, child and woman labor laws, accident and health insurance, and the like. But, peculiarly enough, the United States government or the forty-eight state governments have as yet not seen fit to enact legislation which will assist the workingman over the greatest barrier which he has yet been called upon to face, namely, unemployment.

Nothing can better illustrate the extreme seriousness of the situation than the present depression through which we are passing. According to Colonel Arthur Woods, chairman of President Hoover's commission for the relief of the unemployed, between four and five million workingmen are out of their jobs at the present time. Think of it! Five million men to swell the breadlines and patronize the soup kitchens which have been set up in all the leading cities of our country. Charity football games have been played and the proceeds turned over to the relief of the unemployed. Community chest funds have increased from two to three times their original quotas. Congress has been called upon to pass measures for the relief of the suffering due to unemployment as they have never been called upon before. It can, therefore, be readily seen that some measure for the remedy of this evil such as

unemployment insurance is no longer something which can be postponed indefinitely, but an action which must be taken at once.

We of the Affirmative believe that if a man has worked honestly and efficiently and is then thrown out of his job through no fault of his own, he is deserving of some consideration from industry. Industry has always made use of a "reserve of labor," that is, a group of men who could be shot onto a job during boom or production periods and then when they were no longer needed during the ensuing slack periods they were automatically sloughed off. This reserve of labor has operated very largely to the profit of the individual employer, and it is only fair and just that the employers should be called upon to bear part of the burden of unemployment of those who have helped to line their own pockets. During a period of depression an employer provides for the upkeep of the machinery within his plant; if he makes use of beasts of burden he provides for their proper food and shelter; but the very employees, the flesh and blood men, who run his plant and make possible his production he has no consideration for whatsoever. Today, when a workingman is thrown out of his job through no fault of his own he is forced to turn to *charity*. The indiscriminate and wholesale spread of charity in this country has done more to undermine the self-respect, the initiative, the ability of the workingman to stand up on his own feet, than any other single factor. It fosters a feeling of dependence upon society for a living. And, therefore, as opposed to any system under which charity is the

sole means of support of a workingman thrown out of a job through no fault of his own, we of the Affirmative are advocating this evening a plan for compulsory unemployment insurance.

We believe that this plan of unemployment insurance must be compulsory for a very good reason. It has been suggested that the individual employers would prefer to work voluntary schemes of insurance within their own plants. American industry has had *years* in which to do something about the present situation; and it has done very little indeed. Today we have some thirty-five successful plans of unemployment insurance operating in the United States, but obviously, thirty-five plans as compared with the whole field of American industry is a narrow and restricted use of progressive methods. Before the passage of compulsory working men's compensation, child and woman labor laws, accident and health insurance—all pieces of beneficial social legislation—although there had been considerable agitation, nothing was done except by compulsory legal enactment. The great rank and file of employers will do very little indeed to better the situation unless they are compelled to fall into line by compulsory legislation.

We of the Affirmative believe that our plan for compulsory unemployment insurance will bring with it three very definite benefits. The first of these we might term an economic or efficiency benefit. As a result of the psychological effect upon a working man who knows that he will have the assurance of a reasonable income during periods in which he may be

thrown out of his job through no fault of his own, his general efficiency and productivity will be greatly increased. Mr. N. I. Stone, of the Hickey-Freeman Company, tells us that the efficiency of their labor after the introduction of a plan of insurance within their plant has increased from ten to fifty per cent. The Cleveland Garment Workers, another industry in which a plan of insurance similar to ours has been adopted, tells us that since the adoption of that plan within their plant their output on piece-work has increased fifteen per cent, and their output on week work, that is, work spread throughout the entire week, has increased forty-seven per cent! Can anything be more conclusive as to the increase of efficiency in those plants which have adopted a system of unemployment insurance. Then, too, the American employer is just beginning to realize that his employee is not only a producer but a consumer as well. Now obviously, if that employee is given the wherewithal with which he can consume, then and then only will consumption go on very much as it did before and will production necessarily be kept up. These facts lead us to a very obvious conclusion. Compulsory unemployment insurance means good business; it means greater efficiency and productivity on the part of the employee; greater purchasing power for the employee; and consequently greater confidence throughout business as a whole.

A second benefit which will accrue from our plan of compulsory unemployment insurance is the physical benefit to the worker. The assurance of a reasonable income during periods of depression in which a work-

ingman is out of his job through no fault of his own will mean that he will be able to provide for himself and his family some of the necessities of life; food, shelter, and clothing. He will not then be forced to turn to *charity* which undermines his own self-respect and initiative.

And a last and very definite benefit which will result from our plan is what we might term a "moral" benefit. During a period of extreme privation, a man will often do those things which he would not ordinarily do. He will rob, he will steal, he will commit crimes against society—anything by which he may gain money or subsistence on which to live. During these depression periods vice and immorality are on the increase. We have here some statistics taken from the *American Labor Legislation Review* for December 1930. "The daily average of crimes committed against property in fifty-eight cities throughout the country has steadily increased. In May it was six hundred and five crimes per day; in October, it shot up to seven hundred twenty-seven crimes per day"—an increase of over one hundred crimes per day throughout these fifty-eight principal cities of our country. A large part of the increased crime, vice, and immorality, which confronts us on every page of our daily papers is traceable to the period of depression through which we are passing.

And, therefore, we of the Affirmative are advocating this evening a plan for compulsory unemployment insurance because it will bring with it three very noteworthy benefits. It will mean greater efficiency and

productivity on the part of the employee, greater general confidence throughout all business, in short, a definite economic benefit. It will mean that the workman will be able to provide for himself and his dependents during periods of depression with some of the necessities of life instead of being forced to turn to charity which undermines his initiative and his ability to stand on his own feet. And, lastly, there will be a distinct moral benefit in that there will be a decrease of the crime, vice, and immorality which accompany our modern depressions.

First Negative, Alois Keifer
Carleton College

LADIES AND GENTLEMEN: The speaker who has just concluded his argument has stated that the plan of the Affirmative is designed to aid workmen who have been discharged through no fault of their own. The gentlemen feel that men who have worked honestly and efficiently should be compensated when they are thrown out of work. Under any plan of compulsory unemployment insurance to which the employers are forced to contribute, the risk will be borne by the individual employer. It would seem, therefore, that the employers would tend to claim that laborers had been discharged because of inefficiency or because of misconduct. Some means of determining whether or not a man has been discharged for cause must be found. The body which has the power to make such decisions

must be unbiased. Such a plan certainly involves a great administrative expense.

The plan of the Affirmative will, we are told, provide each workman with sufficient buying power to provide his dependents with food, clothing and shelter. Yet charitable organizations are spending enormous sums in an effort to accomplish that end. According to Mollie Ray Carroll, of the Brookings Institute of Economics, in Germany, where compulsory unemployment insurance is in effect, one-third of the annual budget of the average city is spent for such a purpose. Is it not quite possible that the placing of this great burden upon industry will cause the failure of many firms?

In discussing the problem of unemployment, we ask that you keep in mind the fact that the size of this problem has never been accurately determined. Attempts have been made, through the medium of the Federal census in 1890, 1900, and again in 1920. Each time the project was dropped, because the accuracy of the information was questioned, and because the cost of making the survey was found too great. We see, therefore, that we are not sure of the size of the group with which we are dealing.

We of the Negative object to compulsory unemployment insurance in the first place because we believe that it will decrease the mobility of labor. Under a plan of insurance administered by the individual states it will be impossible for the labor reserve to move from state to state. The laborers in other states will desire to keep the number of available workmen as low as

possible, so that wages may be kept at a high level. The increase of the laboring force will also increase the liability of the employers, and for that reason, a large reserve will be undesirable from the employer's standpoint. The state itself will be called upon to open and close the accounts of such transient laborers, and will be forced to keep in touch with him as he moves from one state to another. The cost of such service would be prohibitive. It is clear then that a plan of insurance will decrease the mobility of the labor reserve. We also contend that laborers will refuse to transfer from one industry to another during periods of unemployment. The plan of unemployment insurance adopted by Great Britain in 1921 insured some three million women. An average group of one million have drawn benefits each year since that time. Yet, three hundred thousand women are imported annually to do domestic work in England. Those who had been in clerical trades or other positions higher than domestic service refused to accept such employment. In Germany, from sixty to seventy thousand agricultural workers are imported each year to aid in the cultivation of the farms, in spite of the fact that a group far larger is drawing benefits from the unemployment insurance fund. Workers will not change from one industry to another. The mobility of the labor reserves is destroyed by a plan of guaranteed benefits.

The adoption of a plan of compulsory unemployment insurance will bring about the very conditions it is striving to eliminate. Unemployment will be increased, and the unemployed will experience difficulty

in finding a new position. The adoption of any plan of unemployment insurance which makes each employer liable for the men within his plant will result in the reduction of the working force, in order to reduce the liability in case of unemployment. Machines will be substituted for human labor when that is possible. We find, for example, according to the Industrial Relations Counselors, in their book "*Unemployment Benefits in the United States*" that the Dennison Manufacturing Company reduced its labor force sixteen per cent in the five years following the adoption of their plan of guaranteed benefits. The working force of the Chicago Garment Workers was reduced from twenty-seven thousand at the time of the adoption of the insurance plan, to less than fourteen thousand five years later. Employers will hesitate to take on men in periods of prosperity, because they will be liable for them in periods of depression. In other words, the same working force will be employed continually, but those men who are unfortunate enough to become unemployed will not be placed in industry. The stabilization which the gentlemen insist must take place is not a favorable solution.

We do not believe a plan of compulsory unemployment insurance can be successfully devised because unemployment is a risk which cannot be insured against. The National Industrial Conference Board, made up of the most prominent of American economists, studied the various plans of insurance now in effect, and their conclusions are found in the Bulletin Number Fifty-One of the Board. The primary pur-

pose of all insurance, according to these economists, is to spread the risks over a large group. In this way, the cost of insurance against losses can be cut down. We see, therefore, that the first requisite of an insurance plan is that it cover a large number of risks. The Board also sets up the following principles as necessary in any plan of insurance which is to be made compulsory or spread over a large area: (1) The risk must be reduced to the point at which industry can bear the burden of insurance; (2) That the rates of premium must be determined in advance; (3) That the costs must be distributed in proportion to the risk incurred by the insured party.

When we consider the figures given us by the Affirmative as representing the amount spent for charity in the United States, and then realize that their plan is designed to care for the functions of these charitable organizations, we hesitate to believe that industry can bear the burden. It is very obvious, since the size of the problem has not been determined, that the rates cannot be fixed in advance. It is also exceedingly expensive to procure the information which would enable these rates to be fixed in such a ratio that the cost would be spread according to the risk incurred.

In conclusion we have seen that the size of the unemployment problem cannot be accurately determined. We have seen that the adoption of a plan of unemployment insurance will decrease the mobility of labor between States and between industries. Unemployment insurance and the stabilization which will result will cause an increase in the amount of unemployment and

a decrease in the number of available positions. Finally, unemployment is not an insurable risk. For these reasons, it is the contention of the Negative that compulsory unemployment insurance should not be adopted.

Second Affirmative, F. Atherton Bean
Carleton College

LADIES AND GENTLEMEN: You have heard a number of general objections to unemployment insurance brought forward by the Negative. Now, of course, for these to be valid they must stand scrutiny with regard to a definite plan of unemployment insurance. Therefore, in order that there may be a definite focus for the discussion this evening I wish to present the plan of insurance which is advocated by the Affirmative. The objections will be answered in the course of the discussion of the plan and the succeeding Affirmative speeches.

First, the Affirmative advocate the establishment of state systems of employment exchanges. These state systems should be inter-state coöperative so that the workers may move from one part of the country to another with definite information concerning laboring conditions elsewhere.

Second, we advocate that every employer be required to insure his employees against the losses of unemployment. He must lay aside with the state treasurer a sum of money which shall aggregate a definite amount for each employee in his establishment. This shall be

his own insurance fund and out of it the employee when out of work through no fault of his own will draw a stipulated benefit for a determinate period.

This plan has behind it the endorsement of the theoretical and practical economic minds in the country. Plans of this type have been endorsed by John R. Commons of the University of Wisconsin, who is probably the outstanding authority on labor legislation in this country; by Leo Wolman of the New School of Social Research; by John G. Lonsdale, the 1930 President of the American Bankers' Association, and one has but recently been introduced as a bill into the Wisconsin Legislature.

Now that I have given you the outline of the plan, let us consider it more in detail. First the employment exchanges. One of the great difficulties in the past has been that although work might be available, the workingman not knowing of its existence could not take advantage of the opportunities which really existed. The employment exchanges will serve as a very valuable link between the workingman on one hand and the job on the other, thus cutting down the unnecessary unemployment as much as possible. Also since these state systems will be inter-state coöperative, each exchange will have information concerning laboring conditions in other states, and the laborers will no longer have to move from one state to another without any idea whether or not jobs are available.

Now let us consider the insurance feature of the plan. Every employer is required to lay aside with the state treasurer a definite sum for each of his em-

ployees. You realize, of course, that the conditions affecting labor vary greatly over the country. The cost of living in New York is much higher than it is in Minnesota. There are other factors which must also be considered. So we have not attempted to set definitely what the amount of the deposit for each employee shall be. It may have to be one hundred dollars in New York. It may only be eighty dollars in Minnesota. At any rate the conditions within the state will have to be considered and the amount set in the enactment of the statute.

The employer will be given a period during which to build up the necessary fund and to adjust himself to new conditions. The period proposed in the Wisconsin Bill is thirteen months, but it is by no means a mandatory period. Once the fund is established and actively working the employer shall become liable to pay benefits from the fund after a worker has been employed for a time of four weeks. His liability will be proportionate to the period that the worker has been in his employ. That is, the worker who has held his job for, let us say, six weeks might receive only six weeks' benefits from his employer's fund; the employee of eight weeks only eight weeks' benefit; but there is to be a definite limit to the liability of the employer to pay these benefits. That limit will be set in the enactment of the statute. In the Wisconsin Bill it happens to be thirteen weeks.

Now, concerning the eligibility of the worker to receive benefits. The prime requisite for the reception of the benefits is that the individual be able and will-

ing to work, but unable to find a job. When he is thrown out of a job through no fault of his own he must go to an employment exchange and register. After a waiting period of one week if he has no job he will receive benefit from the unemployment insurance fund. These benefits are to be disbursed through the employment exchanges. In this way there is a check upon anything in the nature of malingering; that is, the attempt to receive benefits while making no effort to find another job. The worker must accept a suitable job if it is offered to him. If he refuses a suitable job when offered, he thereby forfeits his right to receive the insurance benefits from his former employer's fund. If there is any question as to the suitability of the work offered, it may be referred to a district committee which will determine whether he still has any claim upon the employer's fund. Thus the all-important requisite is that the individual be willing and able to work, but unable to find work, and we have a definite check upon this by disbursing the benefits through the employment agencies.

A man will not receive benefit, if he voluntarily leaves a job without just cause, if he is discharged for misconduct, or if he is out of work because of a strike or similar labor dispute.

It would be well in this connection to state what the attitude of the labor exchanges will be toward organized labor. No man will be refused benefit because he does not accept a job which has been vacated because of a strike, nor will the activities of the labor exchanges in any way interfere with any union or shop

agreements which have been entered into between employers and employees. So the place of organized labor will in no way be affected by the establishment of unemployment insurance. It will be able to use all its methods of collective bargaining with the same effectiveness that it does at present.

You will notice that the burden of the unemployment insurance has been placed squarely upon the shoulders of the employer. This is one of the most important features of the Affirmative plan for it makes it a measure not only for relief but for prevention as well. The Affirmative plan gives the employer a financial stake in the prevention of unemployment. Every time that he discharges a man he knows that that man is likely to draw benefit from his insurance fund. He knows that unemployment is going to be a definite item on his Profit and Loss statement. Industry can prevent a large measure of unemployment. The experience of many companies shows this conclusively. Proctor and Gamble, Hills Brothers, the Dennison Manufacturing Company, and others have shown the way toward regularization and stabilization of industry. But the rank and file of industry will not follow unless it is given an incentive that it cannot ignore. For twenty years we have been advocating and recommending regularization and stabilization yet practically nothing has been done. We must talk to the employer in the only language that he really understands—that of dollars and cents. The Affirmative plan makes unemployment an expense that can no longer be ignored

and with that incentive industry will make real attempts toward regularization and stabilization.

Let us consider for a moment the Negative contention that unemployment insurance will reduce the mobility of labor between industries and between states. In the past the mobility of labor has been definitely hindered because there has been no system of employment exchanges which would help it. We are establishing systems of exchanges which will actually increase the mobility of labor for the worker then will be able to move with knowledge whether jobs are available and whenever any are procurable, men will be put in contact with them as soon as possible.

It is absurd to think that laborers and employers are going to hinder the free movement of labor: First because it is constitutionally impossible. Secondly, because men are not going to move into a state where they know, through the exchanges, no jobs are to be had. Lastly, because the employer has no liability toward any individual until he has worked for him at least four weeks. Thus we see that the contention of the Negative that the insurance will decrease the mobility of labor does not stand, that the ultimate effect of the plan of the Affirmative will be to greatly increase the mobility of labor.

We have presented to you a plan which calls for state systems of employment exchanges which will be inter-state coöperative, for compulsory unemployment insurance which is borne entirely by the employer. It is a plan which will increase the mobility of labor. It gives relief to the unemployed and above all it acts

as a definite deterrent to the evil of unemployment by placing upon the employer, the dynamic factor in industry, the incentive to *stabilize* and *regularize*.

Second Negative, Ward B. Lewis
Carleton College

LADIES AND GENTLEMEN: The second Affirmative speaker concluded his argument by naming certain authorities who are in favor of unemployment insurance. This, he believed, was a further argument in favor of its adoption. However, there are certain other prominent authorities in the United States whom we believe to be well qualified to judge who have stated themselves to be opposed to compulsory unemployment insurance.

First and foremost is President Herbert Hoover who is unconditionally opposed to such insurance. In March, 1931, President Hoover vetoed the Wagner Bill for unemployment relief which he believed might be the stepping-stone to a system of unemployment insurance. Ex-President Calvin Coolidge, possessed of some knowledge concerning the needs of the laborer, is opposed to such insurance. Arthur T. Woods, appointed by President Hoover in 1929 to head a commission to study unemployment relief, has concluded that such insurance is not feasible. Noel Sargent, president of the American Manufacturers' Association, has, from his executive chair, stated that his association is opposed to compulsory unemployment insurance. Samuel Gompers, deceased president of the

American Federation of Labor, has stated his disapproval of such a measure. William Green, president at the present time of the American Federation of Labor, himself an individual who has risen from the ranks of the workers, in addressing the executive council of the American Federation at Atlantic City, New Jersey, in September, 1930, stated the sentiment of the organization when he expressed his extreme disapproval of compulsory unemployment insurance. Warren E. Stone, deceased labor leader, ex-president of the Brotherhood of Locomotive Engineers, has repeatedly stated that he was unequivocally opposed to such insurance. Dr. Frank W. Taussig, probably the most prominent economist in the United States, states in volume two of his *"Principles of Economics"* that it would be extremely difficult to devise any successful system of unemployment insurance for "non-employment is an unceasingly recurring phenomenon and in that sense a permanent one."

Thus, it would seem that there are many prominent authorities who do not believe that compulsory unemployment insurance should be adopted. The individuals whom I have quoted, representatives of a much larger group, are the outstanding ones in their varied fields.

The first speaker for the Negative proved that unemployment is not an insurable risk for it does not fulfill the three principles invariably found in any successful insurance; furthermore, the enforced stabilization which will result from this insurance will cause an increased unemployment problem for, because of this new liability placed upon them, the employers will cut

down their labor force to a minimum and will be very hesitant to undertake any constructive enterprise.

In addition, we believe that such insurance is undesirable for it is unjust both to the employer and to the employee. It is unjust to the employer, first, for he is penalized when the causes of unemployment are beyond his control. The cause of unemployment may be found in the maladjustment which has occurred between the forces of supply and those of demand. These forces operate outside of the employer's factory and thus he is unable to control them. He may desire to sell his goods and thus keep his men employed but if the public will not buy he is powerless. In workmen's compensation, however, we find that the employer is directly responsible for accidents occurring within his plant and thus it is just that a penalty should be placed upon him. However, we cannot defend compulsory unemployment insurance from this standpoint.

Second, we find that the employer is cheated by compulsory unemployment insurance because decreased efficiency of his employees ensues as a natural result. The members of the Negative believe that our present social system, the survival of the fittest, is, after all, the best course to be followed. It seems logical to assume that any individual, who realizes that he is guaranteed a job or a certain amount of cash benefit if he is unemployed, will tend to be rather inattentive and thus inefficient in the performance of his duties. The fear of discharge because of shiftlessness is largely removed, since the employer must definitely prove that the individual discharged is not entitled to insurance.

Authorities state that consequent inefficiency upon the part of the employee has been one of the worst results of the English system of unemployment insurance.

In addition, we believe that such insurance is unjust to the employers as a whole because, from the statement of our question, we see that many industries must be included which will contribute to the failure of the whole scheme. For instance, as Dr. John R. Commons has pointed out in his volume, "*Can Industry Prevent Unemployment*," there are many industries which are so greatly over-manned that the amount of unemployment which would occur in them while the insurance scheme is in operation must spell financial failure. He cites the metal manufacturing industries in which one hundred thousand too many men are being employed and the coal industry in which one-half of those men now employed could produce a year's supply of coal in three months. The United Typothetae, the printing union, is one hundred fifty per cent over-manned. Other industries are similarly situated. The result under compulsory unemployment insurance would be that many more men would be constantly drawing from the central insurance fund than would be contributing. In addition, the rate of insurance payments, because of the great risk of unemployment, would be unbearably high for both employer and employee.

Compulsory unemployment insurance, therefore, is not desirable because, in many respects, it is unjust to the employer. In additional ways, however, it is unjust to the employee and presents such obstacles that its adoption seems inadvisable.

In the first place, it seems very doubtful that the American worker would ever accept any such plan of insurance for it gives the employer too much power. Organized labor in the United States has repeatedly expressed itself through its heads, William Green and the late Samuel Gompers, as opposed to such insurance. Compulsory unemployment insurance takes away the employee's right to strike. If an individual should strike, the employment exchange would immediately fill his position with an unemployed person receiving insurance from the fund. In addition, the agencies would only place those individuals drawing upon the fund and, since strikers are prohibited from insurance benefits, the striker would find it very difficult to secure a new job. The loss of the right to strike would ultimately mean the abolition of the labor union. The advisability of the abolition of the labor union is, in itself, a debatable issue. Thus the right to strike, the modern retaliatory weapon of the employee against the employer is swept away by the institution of compulsory unemployment insurance.

Second, such insurance seems to have a tendency to reduce wages. The employer may answer the request of his employees for increased wages by reminding him that he is being insured against the possibility of being unemployed. Dr. Mollie Ray Carroll, an authority upon the German system of unemployment insurance, in her work, *"Unemployment Insurance in Germany,"* has pointed out this evil resulting from unemployment insurance as demonstrated in the German system. The result would be, then, that the

American worker would be forced to buy articles which are constantly increasing in selling price, because of the increased production cost of the employer resulting from the insurance which he must pay, with a wage which is static or possibly decreasing in amount. Such a condition must be far-reaching in its consequences.

The members of the Negative believe that the solution to our unemployment problem will be largely evolved by industry itself. Unemployment is not profitable to the employer and, in the endeavor to secure larger profits, he is gradually being forced to adopt many methods of stabilization and of adjustment of the forces of supply to those of demand. It is a certainty that, as competition becomes keener because of improved production and sales methods and the increasing use of effective advertising, these devices to reduce the fluctuation of industry will be adopted with ever-increasing rapidity.

In addition, we are in favor of the establishment of a national system of employment exchanges. Such exchanges were utilized for two years at the close of the World War and were considered very successful. We believe that they should be reinstalled for the benefit of the American workman.

In conclusion, then, we have seen that compulsory unemployment insurance should not be introduced into the United States for unemployment is not an insurable risk; in addition, the logical result of the introduction of such insurance would be increased unemployment because of the enforced stabilization which would

ensue. In addition, such insurance is unjust to the employer and to the employee.

We have seen, however, that if the present tendency of American industry is a sound criterion, the employers themselves will remedy the present evils.

The third speaker for the Negative will prove that the theory underlying compulsory unemployment insurance is, in its essence, unsound and will point out the results of the introduction of that type of insurance in foreign countries.

Third Affirmative, J. Stanley Stevens
Carleton College

LADIES AND GENTLEMEN: The gentlemen of the Negative have argued this evening that unemployment is not an insurable risk. They have supported their contention by the advancement of three principles of insurance with which, they have said, unemployment insurance cannot be identified. These principles are: *first*, that the risk must be reduced to a minimum; *second*, the rates must be determined in advance; and *third*, the cost of the insurance must be distributed in proportion to the risk incurred. Now let us see if unemployment insurance does not comply with the demands of these three principles. First, that the risk must be reduced to an insurable basis. The meaning of this principle is that the insurance must be placed on a sound actuarial basis; that the risk be reduced to a minimum so that the insurance becomes a financial asset instead of a liability. We find that the Dennison

Manufacturing Company, the Hills Brothers' Company, the Chicago Garment Workers, and other firms have successfully insured against unemployment. They have worked out plans of insurance that are working today on a sound actuarial basis. This fact, in itself, proves that unemployment can be reduced to an insurable basis, or to a minimum, because the principle has already been satisfied by experience.

The second principle is that the rates must be determined in advance. That will be very simple under our plan because each employer has only to figure how much he will have to contribute and how long he will have to contribute in order to lay aside the necessary reserve for each man in his employ. This is a matter of simple mathematics. And, as in the case of accident compensation which has been so successful in this country, the rates of benefits can be determined by the action of the several state legislatures. The Negative have contended that the lack of general and accurate statistics on employment makes the determination of the rates difficult. The important thing is not whether we have general statistics on employment. It is rather that each employer be made to realize the importance of the problem within his own plant. He can determine from his payroll statistics what the nature of the employment problem is within his company and he can plan his production and insurance against that risk accordingly. And the employer will see also, that only as many men as it is absolutely necessary to lay off, are laid off, because he will know that it costs him money to hire and fire each man of his payroll. That

is the important factor; that the employer be made to realize the size and the vital nature of the problem within his own plant. The rates can be determined in advance. And lastly, the Negative contend that the cost of the insurance must be distributed in proportion to the risk incurred. That is exactly what our plan provides for, because, under this method of insurance, the employer who has the most unemployment has to pay the greatest amount from his insurance fund. The insurance will be the most expensive to that employer who is so careless in his production methods that he has the most unemployment. Thus, we see that the cost of the insurance is distributed in proportion to the risk incurred. Finally, then, our plan of unemployment insurance agrees in every respect with the principles of insurance that have been advanced by the Negative. Unemployment insurance is an *insurable risk*.

The Negative have argued that a plan of unemployment insurance is unfair to the employer because he cannot control unemployment. We know, however, that such firms as Proctor and Gamble, The Dennison Manufacturing Company, and the Hills Brothers' Company have been able to reduce their unemployment until even in depression periods, it is of practically no importance. They have stabilized and regularized their businesses because the plans of unemployment insurance and guaranteed employment which these companies carry make it their direct financial advantage to reduce their unemployment problem. Under our plan, the employer will also be

given a definite cash incentive to smooth out his fluctuations in employment and we are making the employer responsible because it has been demonstrated that he is the dynamic force of industry; he can do more about employment and the organization of industry than any other factor. The fact that there may be some factors entering into unemployment which are beyond the control of the employer does not make the insurance impossible, as the gentlemen of the Negative would have you believe. John R. Commons, the noted economist and labor authority of the University of Wisconsin, points out that two-thirds of the accidents which occur within a plant are beyond the control of the employer and yet, we know that accidents have been successfully insured against in this country in forty-four states. The employer has insured himself and his employees so ably against this risk that accident compensation is now regarded as a permanent part of our industrial order.

Unemployment insurance will lead to decreased efficiency, the Negative contends. And yet, those companies which we think of in this country as being the paragons of efficiency, such as General Electric and the Dennison Manufacturing Company, have adopted plans of unemployment insurance. Is it logical to assume that they would be so foolhardy as to adopt something as a part of their industrial program which would be demoralizing in its effects? Is it logical to assume that these companies are trying to tax themselves out of existence, that they are trying to commit

economic suicide? We know that such assumptions are absurd.

It has been argued by the Negative that the presence of over-manned industries in this country would work undue hardship on any plan of unemployment insurance. In the first place, we must remember that the failure of any one company to work out its unemployment problem would in no way affect the plans of the other companies because the insurance is financed independently by each company. All economists are agreed that human wants are extensible, that as long as man has any imagination or creative genius, he will think of more things that he has to have and the way in which they may be manufactured. Man is never entirely satisfied with the current state of things. So we can readily see that there will always be demands for new kinds of labor as there have been in the last two generations for automobile mechanics. Furthermore, labor will continue to mobilize from those industries in which there is a surplus of man-power to those where the demand is keener. Natural forces govern this and no plan of unemployment insurance will affect it in any way. Taussig, the noted economist at Harvard, points out in his book, *"Principles of Economics,"* that material prosperity in this country depends "on getting as much done as possible with as little labor as possible." His argument is that the surplus of a reserve of labor in some industries is not an alarming condition. We see, therefore, that unemployment insurance is not unfair to the employer. He will not be unduly penalized because he can control employ-

ment, he will be able to use the money invested for a constructive purpose, he will have increased efficiency in his plant, and labor will move from those industries which are over-manned to new industries and to those where there is a need for more labor.

Let us look a little further into the practicability of the Affirmative plan. We find that the rates of benefits are to be controlled by the action of the several state legislatures. The history of accident compensation, which has been so successful in this country under a like method of control, is, in itself, proof that our plan will be beneficial to the employer and to the employee, that it will be controlled to the best interests of all concerned. In the second place, we find that the plans of unemployment insurance which have been tried in this country have not been unduly expensive, as the gentlemen of the Negative would have you believe such a plan must necessarily be. The Chicago Garment Workers have a plan in operation which in spite of the severe years that it has had to go through since its inception in 1923, finished 1930 with a surplus of five hundred thousand dollars. Under this plan, which is practically identical to that which we are advocating, the payroll is taxed four and one-half per cent, a cost which has not been found excessive, but instead, well invested. And, finally, under our plan of unemployment insurance, the burden of unemployment is borne by the employer and the employee. The employer is responsible for maintaining the insurance fund to insure his workingmen, but the employee also has his part to play. If he is out of work and drawing

the insurance benefits, he loses the margin between his regular wages and insurance benefits and that amount is in a sense, contributed to the relief of the burden of unemployment. Moreover, if an employee is forced to give up one regular working day out of six because of long time planned production, he loses one-sixth of his income and that amount is also given to the relief of the burden of unemployment because the purpose of planned production is to prevent fluctuations in employment.

We have presented to you a plan of state employment exchanges which shall be interstate coöperative and we also recommend that each employer be made responsible for insuring his employees against the risk of unemployment. Such a plan is to be desired because it will give each employer a definite cash incentive to stabilize and thereby reduce unemployment within his plant. But since it is impossible to remove all unemployment from our industrial order, we have proposed a practical system of insurance which will work the same as any other plan of insurance. It will be a means of temporary relief during emergency periods and work positively as a preventive. Therefore, we believe that the several states should enact legislation providing for compulsory unemployment insurance.

Third Negative, Edwin R. Gustafson
Carleton College

LADIES AND GENTLEMEN: It is with a great deal of surprise that the Negative views the so-called Affirma-

tive "plan of insurance," for, it is our belief that this plan is not insurance at all, and, therefore, does not come under the provision of the question. In the first place, we note that the plan which the Affirmative proposes is identically the same plan which John R. Commons, leading labor economist and authority has proposed in the Wisconsin State Legislature several times. Mr. Commons originator of the plan makes the following statement in the *American Labor Legislation Review* for September 1930, on page 249: "The Huber Bill also provides for so-called 'self-insurance' *which is really not insurance at all*, but is an Unemployment Reserve carried by an *individual* company, if financially responsible for the payment of unemployment compensation to its own employees." That is the public statement of the man who originated the Affirmative plan! And yet the Affirmative calls their plan "unemployment insurance!"

Again, it is interesting to note that the following definition of insurance is given in "*Principles of Social Legislation*" by Commons and Andrews: "When an insurance provision is made through legislation, it marks the adoption by society of a settled policy of coöperative action to distribute *among a group* the losses suffered by individuals due to their inability to work and thereby earn a livelihood." In the plan put forward by the Affirmative, there is no group among which to distribute the losses suffered by individuals. Indeed, it is the other way around—the losses suffered by a group of unemployed from a particular plant are borne by one individual—the employer. Andrews, a

lawyer, who deals every day with definitions and terms of law, gives us the above definition, and is confirmed by John R. Commons, an economist who is deeply in sympathy with labor and proposed the Affirmative plan. Both of these men declare the Affirmative plan is not insurance—Commons, by an outright statement, and the two of them together by their definition of insurance.

There is yet a third reason why we of the Negative do not consider the Affirmative plan an insurance plan. It is evident that the Affirmative accepts the insurance principles which our first speaker put forth, since they have tried to explain how their plan meets them. And yet their plan is not in accordance with the very basic and fundamental principle upon which all insurance rests—namely, that there must be a *large number of risks spread over a large area*. It is evident that there are not a large number of risks, as insurance goes, in any single plant. Few plants would employ over two hundred fifty men and very few indeed over one thousand men. Most insurance companies have millions of policy holders among whom they spread the cost of insurance—that is deaths, accidents, and so on. In the Affirmative plan, only a few men, relatively, are the risks, and one man, the employer, bears the entire direct cost.

Again the risks are not spread over a large area. Rather they are concentrated in one plant. According to the Affirmative second speaker's statement, the employer bears the risk only for his own plant. The cost for all plants are separate. So we see that the

Affirmative, while accepting our principles, cannot meet the most fundamental and basic of them for their plan does not have a large number of risks; nor are such risks as they do include spread over a large area.

Therefore, we repeat that the Affirmative plan is not insurance, because the originator of their plan, John R. Commons, makes a public statement that it is not because it does not meet with the definition of insurance given by Commons and Andrews; and because it does not live up to the basic, fundamental principle of all insurance. Therefore, the Negative contends that the Affirmative plan does not come within the scope of the question, and should be dismissed.

Let us now consider what happens when a plan is adopted which: (1) Is enacted by legislatures, (2) Pays the laborer benefits when he is not working. Whether such a plan be insurance or not, the evils and dangers of it are too great to warrant its being adopted. First, the legislators are dealing with something which they but imperfectly understand. They do not see the problem in its entirety, and consider this plan as only one means of getting votes for themselves, and at the same time appeasing the minds of the people. They are a busy body, having many other affairs of state to occupy their attention. They are a large and unwieldy body either very slow to act—witness the many bills which have died of neglect—or else too quick and impulsive to act—witness the Farm Board, a self-confessed failure. It is this body that the Affirmative urges to enact a law providing for their plan; to this body the Affirmative gives the power

to fix rates and determine benefits. How? Simply by laws, of which we have too many already.

Second, this plan, or any other plan of like character, insurance or not insurance, gives to the laborer when he is out of work, money benefits. He is paid while remaining idle. He has received from the state, by means of a law enacted by a legislative body, the *right* to receive (call them wages if you will) when he is not working. That is the fundamental theory underlying the Affirmative plan. Of course there are provisions and stipulations—for example, he shall not receive benefits if he is voluntarily idle—as there always are. Nevertheless, when such a plan as the Affirmative proposes, or a plan of insurance for that matter, becomes effective, the worker is vested with a *new right*—the right to receive wages when he is not working. And therein lies a great danger! For, backed by this vested right, he has the power, through his vote, to *expand* this right to any limit he may desire.

Let us now take a concrete example and examine it. In 1911, England's legislature enacted a law providing for compulsory unemployment insurance, even as the Affirmative would do for their plan. This law provided that a man not voluntarily out of work should receive money benefits. Here then, are the two embodiments of any Affirmative plan, (1) the law, (2) money benefits to men not voluntarily out of work.

In 1911, the English plan was on a sound basis; benefits were limited to one dollar and seventy cents per week, with twelve weeks the maximum limit for each worker to receive benefits; in order to receive

benefit at all it was necessary for the laborer to have been employed at least twenty-six consecutive weeks in one industry. At the present time, 1931, an English laborer can draw nearly six dollars benefit a week for himself, and some for each of his dependents; he can receive this benefit with a few minor excuses for fifty-two weeks out of the year; to get a start on this magnificent dole he has but to work in one industry a few weeks! How did this come about? By *laws* which were passed by the legislature because of the pressure of labor voting power. The laborer reasoned that if it was a right of one man to receive wage while he was not working, then it was right for another man to receive the same consideration—that the principle, if sound, could be applied to all laborers. According to the National Industrial Conference Board report number 51, page 41, the benefits were raised as follows, while the maximum length of time to receive them was lengthened accordingly:

1911.....	\$1.70 per week
1919.....	2.68 per week
1920.....	3.65 per week
1921.....	4.86 per week

The benefits were again raised in 1930 to nearly six dollars per week!

As a result of giving the laborer this vested right, the British plan is \$215,000,000 in debt, and continuing to go in debt at the rate of \$125,000,000 a year, according to Philip Snowden. In addition to this insurance, England has been forced to grant a \$225,-

000,000 charity dole, for this year alone! And the Affirmative is doing away with charity by such a plan! We see, then, that in Great Britain, this law which gives the laborer the right to receive money benefits while he is not working has resulted in more people demanding more benefits for a greater length of time.

The German unemployment insurance system is, according to Edmund Brok, a native German Economist who writes in the March issue of "*The Nation*," \$180,000,000 in debt, and going in debt faster all the time, while at the same time, the city, state, and national governments are giving outright gifts of charity!

A review of the debate thus far brings to light the following facts: *First*, the Affirmative plan does not meet the basic underlying insurance principle that there must be a large number of risks spread over a large area. Such a plan would decrease the mobility of labor from State to State and from industry to industry. It would increase the amount of unemployment. The size of the problem is unknown.

Second, the Affirmative plan is unjust to the employer, for, it penalizes him for causes which are outside his control; it is a tax on capital; it decreases the efficiency of the employee; and some industries could never be included. It is unjust to the employee, for, it takes away his right to strike; it reduces his wages; it would end the labor unions. We further note that the key to the problem is the reduction of the fluctuations in industry by private means, on a safe and sound

basis, and the establishment of a national system of employment of exchanges.

Lastly, such a means would not be dangerous for it would not mean (1) a law or (2) the establishment of the right to money benefits. For these reasons the Negative contends that the states should neither enact a law providing for compulsory unemployment insurance, nor a plan such as the Affirmative proposes.

**First Negative Rebuttal, Alois Kiefer
Carleton College**

LADIES AND GENTLEMEN: The gentlemen of the Affirmative have presented their solution to the problem of unemployment. We wonder, however, if it is perfectly clear to you that the plan which they have presented constitutes insurance in the real sense of the word. Funk and Wagnalls' Standard dictionary defines insurance as "a contract, for a consideration, to pay a specified sum to a party or his representatives in case of loss, accident, or death." Insurance, then, involves a contract between two parties. Yet the plan of the Affirmative contains no such provision. The plan which has been presented as a form of compulsory unemployment insurance is merely a plan by which employers are compelled to set aside a definite reserve from which their employees can draw in case of unemployment. It is, in short, a compulsory reserve act, rather than an act of insurance. We fail to see wherein the plan of the gentlemen meets the requirements set forth in the question for discussion.

We have contended that unemployment insurance should not be adopted because unemployment is a risk which cannot be insured against. Yet the Affirmative have attempted to show that because certain private concerns have been able to carry out plans of guaranteed benefit the principles can be applied to all industries and all plants. The first speaker of the Affirmative pointed out in his constructive speech that some plans of voluntary insurance had been carried out in the United States, but he went on to state that only the leaders of industry, the most stable and efficient plants, had put these plans into effect. We do not believe that it is reasonable to expect that because it has been possible for these efficient plants to adopt insurance, the plan can be enlarged to cover *all* industries.

Let us examine the plans of insurance which have been adopted and see just how successfully they have been carried out. The gentlemen have cited the Chicago Garment Workers' plan of unemployment insurance as an example of the success of the insurance principle. There are several features of this plan which we should like to mention. Bryce Stewart, of the Industrial Relations Counselors, made a very complete study of the Chicago plan and published his findings in the book, "*Unemployment Benefits In The United States.*" In the first place, it is very interesting to note that the working force of the Chicago Garment industry has *decreased* almost fifty per cent since the adoption of the plan. The workmen must work for one year before they become eligible to receive benefit under the plan. The maximum benefit which has ever

been allowed was only for two and one-half weeks. Workmen must pay into the fund for ten weeks in order to receive one week's benefits. It is also interesting to note the administration of the plan during periods of depression. The period during which benefits could be drawn was reduced from two and one-half weeks to two weeks, then to one week, and finally to three days. Can it be possible that an insurance plan which provides unemployed laborers with benefits for three days of the period of unemployment will give him added buying power? We see that even when insurance is adopted by an efficient concern, there are difficulties involved in the carrying out of the plan. Yet the gentlemen are asking that we extend such a system to all industry.

We have seen then, that there is some question as to whether the plan of the Affirmative is insurance. We have also seen that the gentlemen have contended that insurance is practical because a few of the most efficient business house of the nation have adopted it. Finally, we have examined carefully the administrative methods employed in one of the more successful insurance schemes.

First Affirmative Rebuttal, John Whyte Carleton College

LADIES AND GENTLEMEN: The gentlemen from the Negative have attempted to leave the impression in your minds that our plan is not insurance but merely a system of unemployment reserves. We have here a

statement made by Leo Wolman, one of the foremost authorities in the United States, on unemployment problems and unemployment insurance, taken from the "*American Labor Legislation Review*" for December 1930. "An American plan of unemployment insurance (notice particularly that Mr. Wolman refers to this plan as *insurance*) which imposes on industry the obligations to lay aside reserves for the relief of the unemployed can solve the problem." Mr. Wolman specifically states that a plan under which each establishment lays aside reserves for the relief of its unemployed is a plan of unemployment insurance. Likewise we have here another statement made by Herman Feldman, professor of industrial relations at Dartmouth College, on page 374 of his book "*Regularization of Employment*." "Our discussion of insurance plans in general will now be made more concrete by consideration of plans in use in American industry." And Mr. Feldman goes on to consider concretely *as a plan of insurance* the system now in operation in the Cleveland Garment Workers' Association, a plan which is almost identically the same as ours in all of its essential features. Here we have the statements of two of the most prominent authorities in our country on the subject of unemployment who definitely assert that a plan, such as the one we are advocating, is a *plan of insurance* pure and simple.

Now the second speaker for the Negative has brought forward the objection that certain marginal industries, that is, those industries which are producing on a small margin of profit, will be forced to drop out

of the field of American business because of the cost of our system of unemployment insurance. I think that it is most reasonable to state that we Americans expect any industry to bear its cost of production. Accident insurance which provides for the remuneration of a working man disabled by accident is now in operation in forty-four states in our Union and has long been regarded by all the employers upon whom it rests as a part of their cost of production. Unemployment likewise has now come to be reckoned by the industrial leaders of our country as another definite factor in the cost of production which industry today should bear.

We have already pointed out that in a period of depression today an employer takes the utmost care of his idle machines. We of the Affirmative are asking only as much consideration for the very men who make possible his production. And we frankly state that, if an industry cannot bear the cost of production which is properly its own we do not believe that such an industry has any place whatsoever in the field of American business. We doubt very seriously whether any industry which is not able to stand on its own feet and maintain its rightful costs of production is socially desirable. There is also every indication to believe that claims of the greatly increased cost of unemployment insurance have been highly exaggerated. This self same objection was raised prior to the passage of compulsory workingmen's compensation. For instance, a certain employer in the state of Wisconsin complained that the passage of such a bill would necessitate his

annual expenditure of twenty thousand dollars for accident compensation, whereas at the present he was paying but five thousand dollars. The first year in which the law was in operation he paid not twenty thousand dollars, nor even five thousand dollars, but exactly twenty-five hundred dollars. The passage of that law actually decreased his liability for accidents by one-half.

The gentlemen from the Negative have also contended that a system of national unemployment exchanges would be superior to a state system of exchanges which we are advocating. There are two serious objections to the national control of unemployment agencies, however. In the first place, how would it be possible for the national government to be so well acquainted with the local conditions and varying circumstances of plants in widely separated sections of the country as it would be for the state governments who would be much better acquainted with local conditions? The state governments would be much more conversant with community unemployment and business needs than the national government could possibly be. And in the second place, there will be far less administrative machinery necessary for separate state systems than there would be for one huge unwieldy national system covering the entire country. We are advocating a system of exchanges which will be as sensitive as possible to the state of business affairs in different sections of the country which is at the same time operated by a much less cumbersome machinery.

The gentlemen of the Negative have further contended that under the plan of the Chicago Garment Workers which we have cited, the working force has decreased fifty per cent and this length of benefit period reduced to but three days in a season. In regard to the decrease of the working force, we must remember that there has been considerable deflation in all garment industries since the war. In the Chicago district, fifty-nine per cent of the firms have been forced to retire from business, but this action can in no way be ascribed to a plan of insurance. In respect to the reduction of the benefit period, it was only in the second year of the plan's existence that this situation occurred; whereas at the present time the plan is paying a full two and one-half weeks of benefit per season. Each year is divided into two distinct seasons. Despite the highly irregular nature of such an industry, it is interesting to note that the union officials are looking forward to a greater success than ever before through increase both of the benefit and the length of the benefit period.

Second Negative Rebuttal, Ward B. Lewis
Carleton College

LADIES AND GENTLEMEN: The members of the Affirmative this evening have attempted to draw an analogy between compulsory unemployment insurance and workmen's compensation, assuring us that because the latter type of social legislation has been a success, their proposal will be successful, too. However, there

is a difference between workmen's compensation and compulsory unemployment insurance which prevents the drawing of a fair analogy.

The causes of accidents are within the employer's control and thus he should be made liable. He can install safety devices and thus cut down the number of accidents in his plant. However, as I pointed out in my constructive argument, the causes of unemployment are beyond the employer's control. He is subject to the forces of supply and demand which function *outside* of his plant. The originators of workmen's compensation made the employer liable only for those accidents occurring within his plant in "the due course of employment." Yet, the causes of unemployment function outside the employer's plant; they are out of his control. Thus, we see that there are fundamental differences between these two types of social legislation which prevent us from drawing a fair analogy between the two for use in tonight's discussion.

In the discussion of any such theoretical measure as compulsory unemployment insurance, one of the most important aspects to be considered is the practicability of the whole scheme. *Will it work?* Will it be possible to introduce such insurance successfully into the United States?

In answer to this natural question upon the part of the Negative, the second speaker of the Affirmative has proposed a plan, by means of which it is hoped that compulsory unemployment insurance may be efficiently administered. Let us consider this plan and see if it is really sound.

In the first place, they have provided that the state should enact legislation which will provide for an unemployment commission to be composed of representatives of both employers and employees. From the first, then, we see that it is made possible for the state to enter into the plan of compulsory unemployment insurance. Since one of the duties of a state to its citizens is to enforce those laws which it enacts, it is very probable that *force* must be used in some cases to institute the insurance. After the plan has begun then, we will see the same conditions found in Germany and Great Britain. The state, having introduced what the laborer believes to be a new personal right, to receive cash benefits for which he does not have to work, will be obliged to take an ever-increasing hold upon the scheme. The plea for higher insurance benefits will be directly aimed at the state officials and state legislature. Thus, eventually, we will find the same presence of political manipulation which is so evident in British insurance.

The second provision of the plan is that each employer shall be forced to set aside a definite sum of money as an unemployment reserve for each man whom he employs. As I pointed out in my constructive argument, this feature must have a deleterious effect upon capital. This heavy liability, the members of the Affirmative say, will serve as a check against over-expansion and thus will aid in reducing unemployment. Yet is it not logical to assume that it will serve as just a positive check to rebuilding and reconstruc-

tion in industry after a period of depression and thus prolong unemployment?

We must conclude, then, that the vague framework of the Affirmative plan does not indicate that compulsory unemployment insurance can be successfully administered. The members of the Affirmative have made no attempt to reveal the answers to any of those minor questions which most surely will arise. Yet, we find, from foreign experience, that even these so-called minor questions can destroy the whole insurance scheme. The whole is equal to the sum of its parts and each part must be well-harmonized with the others to secure success in any venture.

Therefore, because unemployment does not seem to be an insurable risk, not fulfilling the three principles of successful insurance; because it will increase the amount of unemployment in the United States; because it is unjust to both the employer and employee, and because it is established upon a new principle which in practice seems to be unsound; we of the Negative believe that compulsory unemployment insurance should not be enacted by the several states.

**Second Affirmative Rebuttal, F. Atherton Bean
Carleton College**

LADIES AND GENTLEMEN: We find the Negative making the contention that the enactment of the Affirmative plan would establish a new right resulting in an experience similar to that in England, and also

that the Legislatures are incompetent to enact these laws.

Let us take the second of these objections first. We have already pointed out to you that a number of great social projects have been very successfully handled through the medium of legislative enactment. The Workingman's Compensation Insurance laws, Minimum Wage laws, and many others have been very well taken care of by the various state legislatures. We, having some confidence in our democratic system, feel that they are quite as competent to enact Unemployment Insurance laws as they were to enact these others which have been handled so ably.

Now for the objection that we are establishing a new right. Society today does not allow the unfortunate to starve. The existence of countless charity organizations is ample evidence that we recognize the right of the individual to have enough to live on. Now the cost which the recognition of this right entails is borne entirely by public subscription or taxes. It is charity and it brings the bad moral effects of charity. The Affirmative plan places some of that burden of relief where it belongs, upon the shoulders of the employer, and provides, not charity, but an insurance benefit. We are not establishing a new right. We are allocating to industry part of the cost of a right already long recognized by society; the right of the unfortunate to a decent maintenance.

Let us now consider the sequel to this first objection: that the benefits will be greatly extended and that before long we would have a dole system such as has

grown up in England. Now in this analysis I wish you to keep constantly in mind one most important difference between the Affirmative plan and the one used in England: the government has always been a contributor to the English insurance plan, while under the Affirmative plan it contributes in no way to the unemployment insurance funds.

England following the war found herself in a very serious predicament. Millions of her people were out of work because of the depression. These people needed relief. They could not be allowed to starve. For a while the government gave what was known as Out of Work Donations to the needy. This was the *Dole*. Soon, however, it began to cast about for a more effective machinery to administer this relief. It chose the machinery of unemployment insurance. It had always contributed to the insurance funds. So all that was necessary was for the government to increase its contribution. The dole and the insurance became inextricably mixed. The dole which is not a part of the insurance at all has been charged against the account of unemployment insurance. The situation confronting the English system has arisen from the fact that the Government contributed to the plan. But under the Affirmative plan the government does not contribute in any way to the maintenance of the insurance funds. They are maintained by each individual employer. There is no loophole for such a program as has developed in England.

We must admit that the English and German plans are financially embarrassed. But we are not proposing

either the German or English plans. There are important differences between our plan and those now used in foreign countries. We have under our plan a definite and strong incentive toward stabilization and regularization. This has not been true under the English plan at all and not under the German plan until last August. The German plan includes hundreds of thousands of seasonal laborers who are excluded under the wording of the question from the Affirmative plan. The Affirmative plan excludes plants employing less than ten men. This is not true under either of the foreign plans. These radical differences show how different our proposal is from that now in operation abroad.

It is, however, interesting to note that although the English plan has been financially embarrassed, and there is much controversy about the methods of administrations, still the principle of unemployment insurance has been firmly established, as evidenced by the reports of the Balfour Committee, the Melchett-Turner Committee, and the Blanesburgh Committee within the last two or three years.

Again we find the Negative making the attack that the plan which we are advocating is not insurance. We have already shown you that both Leo Wolman and Herman Feldman, among the most prominent authorities in the field, call this insurance. Let us turn to an outstanding text on the subject of insurance and see what conclusion we may draw from what it says. On page 168 of *"Insurance, Principles and Practices,"* by Professors Riegel and Loman of the Wharton School

of Finance, we find this statement regarding methods of insurance, "We find four methods of insurance in vogue for the protection of employers against the legal liability imposed by a compensation act; insurance in a stock company, in a mutual or reciprocal, in a state fund, or *self-insurance*." Certainly Professors Riegel and Loman would not explicitly mention self-insurance as a method of insurance, if "having a large number of risks spread over a large area" were a cardinal principle of insurance. That condition is frequently true, but this statement from a standard text shows conclusively that it is not necessary. The plan of the Affirmative is a plan providing for compulsory self-insurance, that is, each employer is made directly responsible for the unemployment caused in his own plant and must provide the insurance fund for that purpose. Thus we find that our plan is not only specifically noted as insurance by two leading authorities, Leo Wolman and Herman Feldman, but also belongs to one of the four methods of insurance recognized by a standard text on the subject.

Third Negative Rebuttal, Edwin R. Gustafson
Carleton College

LADIES AND GENTLEMEN: We of the Negative, in spite of what the Affirmative says to the contrary, still contend that the plan which the Affirmative proposes is not insurance. We remind you of the statement of John R. Commons, originator of the plan; of the definition given by Commons and Andrews, which ex-

cludes their plan as one of insurance; of the contract which is necessary for insurance, and is lacking in their plan; and finally, of the insurance principle which they have failed to meet in not spreading the risk over a large area.

They have, in attempting to prove their plan insurance, quoted numerous vague and hazy definitions, no two of which are the same as to all requirements. On the other hand, we have submitted to you but one definition, but that definition is accepted by all social legislators at the present time. Watkins, Andrews, Commons, even the American Federation of Labor itself, all accept our definition, and are deeply in sympathy with labor.

It is noticeable to us that the plan submitted to you by the Affirmative is nothing but ill-disguised charity, with the word insurance hung over it as a cloak. Not a single cent is contributed by the workmen. The employer is forced to donate or give to his workmen from eighty dollars to one hundred dollars each. In return he gets what? Nothing. We see, then, that there is as much charity, (if not more) in their plan as we have at the present time. The difference is this—at the present time, the donor gives of his own free will, while under the Affirmative plan he gives because he is compelled to do so.

We may notice that the Chicago Garment Workers' plan, the classical example of the Affirmative, is much less of a success than we were led to believe. Indeed if figures speak the truth, it is a failure, and is a detriment, rather than a boon to the worker.

Here, then, is a summary of the debate thus far: We have learned that the size of the problem is not known. The Affirmative replies that this is not necessary; that it is of no consequence how large or small the problem is. We have pointed out that the Affirmative plan would decrease the mobility of labor from State to State, and from industry to industry. Concrete examples were used. In the case of England and Germany, and the Chicago Garment Workers and other companies in the United States, unemployment has increased. It is not in accord with the basic insurance principle.

Next we learn that it is unfair to the employer because it penalizes him for something he cannot control. It is a tax on capital; it decreases efficiency, and some industries could never be included in such a plan. It is unfair to the employee, because it would take away his right to strike; it would reduce his wages; and would do away with labor unions.

We see also that the plan submitted is not insurance, but that nevertheless our objections hold because it embodies two features which spell its ruin. (1) It is to be put in force by means of a law through the state legislative bodies. These bodies are large and unwieldy, and at the same time, inefficient when it comes to business matters. Yet they are to have charge of first putting the plan into effect, and later regulating the premium rates and benefits. (2) It creates for the worker a new right—the right to receive money-benefits, or wages, when he is not working. Since he can control the legislatures who vote these benefits, he

can extend and expand this right to the limit, and beyond. This has been done in England, and the result has been a ten year depression, constant and increasing unemployment, and a class of laborers who are dependent upon the state for their livelihood and who consider this one of their rights. The Affirmative says that their plan is different from the English plan. Undoubtedly it is, in some respects, but in the two important points it is the same. (1) The enactment of a law or laws. (2) Payment of money-benefits to men out of work, and the right of men to these benefits.

Finally, the Affirmative have asked us what we would do about the situation. Our reply was brief and consisted of two parts. (1) Establish a national system of employment exchanges. (2) Encourage what industry is doing now—the reduction of fluctuations by regulation through private means. The incentive is added profit.

Here are the advantages of such procedure: (1) The incentive remains the same under both plans—it is *cash*. The difference is that the one is a penalty, ours a reward. (2) It is not unfair to either party—it allows them to coöperate and work along present lines. Coöperation under the Affirmative plan would be impossible, for the employers do not want it; the employees do not want it. (3) The Negative plan increases the mobility of labor, while the Affirmative plan decreases it. (4) It does not become involved in politics, nor would it in any way result in new laws. (5) It does not create a new and extremely dangerous right, nor does it demoralize the worker and make him

a "perfect ward of the state," as Philip Snowden describes the British laborer.

We offer you a plan of coöperation instead of compulsion; a plan which will preserve the honest, independent, self-sustaining, intelligent American laborer instead of creating a class of shiftless, job-evading, degenerate, demoralized, and dependent laborers; a plan which will keep our nation busy and prosperous at least the greater amount of time, instead of plunging it into an eleven or twelve year depression which would ruin it forever. Therefore, for these reasons, and for the sake of the employer, the employee, and the nation as a whole, the Negative maintains that the states should not enact legislation providing for compulsory unemployment insurance, or a plan such as the Affirmative proposes, to which the employer shall contribute.

Third Affirmative Rebuttal, J. Stanley Stevens
Carleton College

LADIES AND GENTLEMEN: The gentlemen of the Negative still insist that we have not made it clear why the plan that we are advocating is insurance. To prove their contention, that it is not insurance, the Negative have given the word of one man, John R. Commons. It is highly probable that he is afraid to call his own plan "insurance," because of the bad repute that this name has had in the case of the English plan. John R. Commons is afraid of defeating his own plan of unemployment insurance by the attachment of a

stigma which would work against its progress. We have already shown how our plan meets the demands of the three principles of insurance which were advanced by the Negative and this fact in itself is quite sufficient to prove that we are advocating an insurance plan.

However, let us review the additional evidence that has been presented to support this contention. We have seen that Riegel and Loman, both outstanding authorities on insurance, have in their book on that subject said that there are four ways in which the employer may insure himself against "the legal liability imposed by a compensation act." Four ways are enumerated among which is one called "*self-insurance*." "*Self-insurance*" means that the employer is called upon to lay aside a reserve fund to insure only the workingmen within his own plant. We can readily see that the principle in this type is identical with that of our plan and that it is, therefore, "*self-insurance*." In the second place, we have pointed out that Herman Feldman, professor of industrial relations at Dartmouth, has in his book, "*Regularization of Employment*," listed the Cleveland plan of unemployment insurance under his discussion of insurance plans in the United States. Since the Cleveland plan makes each employer responsible for maintaining a reserve fund to insure his employees against the risk of unemployment, we can see that Professor Feldman would also list our plan as insurance. In the third place, Leo Wolman, the noted economist, says in the "*American Labor Legislation Review*" for December 1930, that "An American

plan of unemployment insurance which imposes on industry the obligation to lay aside reserves for the relief of the unemployed can solve the problem." Notice please, that he calls a plan of this type, "*insurance.*" And lastly, we have here the official definition of social insurance which was issued in the twenty-fourth annual report of the Bureau of Labor. It is well to remember that there is a marked distinction between social insurance and the individual contract types. Life insurance and fire insurance are individual and voluntary contracts, which means that they are of a different category from social insurance. The latter implies that the insurance is, as in the case of accident compensation, enacted by legislation and is of a compulsory nature. This difference in character of types of insurance explains the absence of a contract which the Negative have contended proves that we are not advocating insurance. They must not forget to distinguish between social insurance and the individual and voluntary type. The Bureau of Labor says that social insurance is, "The method of organizing relief by which wage earners or persons similarly situated and their dependents or survivors become entitled to specific benefits. The right to these benefits is secured by means of contributions from wages *or by the fact of the insured person's employment* or by his citizenship or residence in the country." I call your attention to the fact that the right to these benefits may be had by "*the fact of the insured person's employment.*" This proves that our plan is social insurance. Against the word of one man which the Negative have used to

prove that our plan is not insurance, we have first shown that our plan meets the demands of the three principles of insurance which they advanced, and we have also shown that Riegel and Loman, Herman Feldman, Leo Wolman, and the Bureau of Labor believe that it is *insurance*. It would seem, therefore, that we have proved our point beyond any doubt.

The last speaker of the Negative has characterized our plan as "disguised charity, with the word, 'insurance,' hung over it as a cloak." We have already shown that we favor a plan of "*insurance*." The term "charity" carries with it a bad flavor because pure charity, if it is administered indiscriminately and for long periods of time, does demoralize those receiving it. It is helpful to note that the bad effects of charity have not been manifest in the plans of unemployment insurance that have been tried in this country. The workingman does not think that unemployment insurance is charity any more than he thinks that accident compensation is charity and we have shown that these two are quite similar. Unemployment insurance is *not* charity because it will be paid out only to those men who are out of work through no fault of their own and would willingly go back to work, if any were available. The payment of the benefits will be definitely checked by the employment exchanges. Some definite time limit, during which a man may draw out-of-work benefits, will be determined and used. We do not pay a man "not to work," as the gentlemen of the Negative would have you believe, but we pay him a limited amount for a limited time so that he may live

and support those dependent on him during an emergency period.

The Negative have declared themselves in favor of a plan of stabilization and of employment exchanges. We welcome these suggestions as a valuable part of our plan. They have said that they favor a plan of co-operation instead of compulsion, that they would rather leave industry to work out its own problem. This is fine talk but the employers were told that they should coöperate and stabilize twenty years ago and what have they done? Three times in the last fifteen years, this nation, the wealthiest nation in the world, has stretched out bread lines and set up soup kitchens to feed the millions of unemployed during a major financial crisis which visits us largely because the employer does not stabilize; does not adjust his production to the current demand. We are giving him an incentive which will force him to realize the vital nature of this problem and which will, at the same time, leave him to work out his own problem within his plant. The responsibility is still with the employer. The incentive to stabilize is given in the language of dollars and cents; a language which no business man will fail to understand and heed.

We have presented to you a plan of unemployment insurance which makes each employer responsible for insuring his own employees against the risk of unemployment. We have recommended, also, that a system of state employment exchanges, which shall be interstate coöperative, shall be set up to distribute information regarding labor conditions and to aid in the administration of the insurance. We have shown how

such a plan will promote and facilitate the mobility of labor between states and between industries. We have shown that a plan of unemployment insurance is economically beneficial because (1) it means more efficient production, (2) it will bring increased purchasing power to employees during a period of depression, and (3) the wage earner will spend his money with more confidence because of his security of income and employment. The fact that leading corporations in this country have adopted plans of unemployment insurance shows that the practical business man recognizes that these benefits are real, and that unemployment insurance is a progressive factor in solving the problems of modern production and consumption. But more important than economic welfare, unemployment insurance will raise the physical and moral standards of the millions that are usually out of work during a depression. They will not have to resort to vice or crime for their bread and butter. They will be protected and provided for by a practical system of insurance.

Let us remember that our plan of unemployment insurance cannot fairly be compared with the German and the English plans, as we have already shown, because these plans are of an entirely different nature and they were forced to operate under conditions quite foreign to conditions in this country.

Finally then, if we want to stabilize industry and to provide some temporary relief for the unemployed, we should have unemployment insurance to make that possible. We are not changing the status of the work-

ingman but we are making industry give him his deserved recognition. We are not creating a new right but we are recognizing the right of a man to live and to support those dependent on him. We are recognizing the right of the American people to rid themselves of bread lines and soup kitchens and other demoralizing charitable agencies. We do not want ever again to have the terrible national specter of five million men pounding the pavements seeking some means to feed those millions of women and children who are dependent on them. Therefore, the several states should enact legislation providing for compulsory unemployment insurance.

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DIVORCE IS A SOCIAL ASSET

Inter-Sectional Debate

DIVORCE IS A SOCIAL ASSET

SWARTHMORE COLLEGE VS. UNIVERSITY OF GEORGIA

The debaters of the Pennsylvania Friends or Quaker College journeyed from Swarthmore, Pennsylvania, to Athens, Georgia, by automobile to engage in the debate given below with the team of the University of Georgia. The debate was held on the evening of March 13, 1931, in the University of Georgia Chapel.

The debate is of the popular discussion or non-decision type and is on a subject of considerable interest—Divorce. As a rule this is debated as a Federal versus State control proposition but here it is considered as a social asset or detriment. During the early part of the present college year 1931-32, the Nevada divorce law is being debated by far-western colleges.

The question as discussed was stated: *Resolved*, that divorce is a social asset.

The speeches were contributed by the debaters through Professor George G. Connelly, director of debating at the University of Georgia.

First Affirmative, Robert H. Wilson Swarthmore College

LADIES AND GENTLEMEN: May I first attempt to express the sincere appreciation of your Georgian hospitality which both Mr. Stickney and I have felt during our visit here. The courtesy and friendliness of the University of Georgia representatives has more than made up for the inconvenience of a long automobile trip down here. We hope that some time we shall have

the opportunity of returning at least part of your favors.

As first speaker for the Affirmative I find myself in somewhat of an awkward position. According to all the accepted rules for debating the first speaker is supposed to introduce the subject and to arouse the audience's interest in it. Consequently my purpose tonight is to interest you in divorce; but I'm a debater and not a lawyer and I hope you will not misinterpret my intentions.

We are resolved that "Divorce is a social asset." And we of Swarthmore are willing to accept a liberal interpretation of the question. Otherwise there could be no debate of the subject. So we are willing to weaken the strong position which the framers of the question have given us and we shall open up the discussion freely so the arguments of the opposition will find a place in the debate. The question says only that "Divorce is a social asset." Now it is obvious that in some cases divorce is not only an asset but a positive necessity. You will grant that we might confine our efforts tonight to showing you a few of these cases and thus conclusively prove the Affirmative side of the question. However, for the sake of discussion, let us take up the problem of divorce from a wider viewpoint.

We are convinced that divorce is a definite social asset. It is not one of these necessary evils we hear so much about. It has a positive place in the social structure of our world today.

We regard divorce as an asset first because it is quite obviously our only means of ending unsuccessful

marriages. Our civilized society for centuries has been based primarily on the monogamous marriage. The ideas of the home, the family and life-long marriage are the basic principles around which the other conventions of our lives are built up. If marriage fails, we are certain that all our social structure will collapse. Marriage is *the* necessary element. We believe that divorce, being necessarily connected with marriage, is therefore every bit as indispensable.

In presenting the Affirmative side of this debate we should like to feel certain that you completely understand our position. We are not advocates of divorce. We are simply proving to you that *some* divorce is definitely an asset to society. Our main desire is to see the institution of marriage—marriage without divorce—become universally successful. Until that time when all marriages are happy and successful we feel forced to regard divorce as a valuable means toward the eventful realization of our desired end. This distinction is an important one, but we are willing to bet that the gentlemen of the Negative will deliberately overlook it in analyzing our position.

When we all realize the desirability of divorce in many particular instances, perhaps we shall find ourselves debating not so much the desirability of divorce itself as the desirability of the ease with which divorce is now secured. When marriage proves unsuccessful, what else is there except divorce? Society frowns upon desertion. It also frowns on murder although if one is to judge from the newspapers, perhaps this frown may not be the old enthusiastic one of former days.

At any rate, these two other solutions being obviated as possibilities in a civilized world, we are forced to resort to divorce. The question is whether or not divorce should be as easily accessible as it now seems to be.

Our answer is that the opportunities for divorce should be as frequent and as easy as the opportunities for unsuccessful marriages. As long as we are to have "Marrying Parsons" in every little country town, and as long as clever minds keep thinking up experiments like trial marriage and companionate marriage, we are bound to have many unhappy wedlocks. The only remedy for such a serious social disease as companionate marriage is a series of lenient divorce laws in the states that allow such unions.

So much for the natural place of divorce. I find that in our modern civilization there is an ever increasing need for it corresponding to the ever increasing chances for failure in marriage. People are marrying today just as they always have for three principal reasons. They desire to have children: they marry because of personal attractions: or they seek wedlock purely because of individual loneliness. Now if marriage were only a temporary affair, all marriages would probably satisfy whichever of these desires was felt, and all would be happy and successful. But our traditions of regarding marriage as permanent makes all these reasons lose their importance as the days following the wedding ceremony pass by. If there are to be children, they are soon born: the element of personal attraction soon loses its importance: and those who

marry for companionship find that even in marriage the personal ego can be submerged only so far. With our system of permanent marriage, then, there is a tendency for all unions, no matter why they were entered into, to break apart. Of course we do not believe that all marriages will fail. We are sure they won't. But there is a very definite possibility, if not a likelihood, that many of them can end in failure.

That applies even to those which we call the "wise" and the "well planned" marriages. As for those which our younger generation is hastening into so lightly, the possibilities for their failures are obvious. To put the sermons which all of us hear every day in a nutshell—which is, I think, where they belong—the younger element today is shunning responsibility. It has a whole-hearted disregard for anything except its own personal pleasure. Consequently its marriages, as soon as they start, are pretty close to those much discussed matrimonial rocks. And all kinds of marriages would seem to contain rather more than their share of the elements of failure. While this condition exists we have only divorce as a remedy.

At this point some one is sure to offer the objection that there were never so many divorces in the past. That is true. But it is also true that there were just as many unhappy marriages. The difference was that in the old days a woman who was unsuccessfully married remained that way because of the social stigma surrounding divorce. Today our women have a new freedom—a freedom which enables them to escape the social, moral, and mental repression of unsatis-

factory married life. The old idea of marriage was something of a domestic partnership based on a division of labor. But today women are not compelled to accept the drudgery of that partnership. Our social consciousness acknowledges them as individuals, not domestic workers. The Modern Woman is every bit as fine a mother and a housekeeper as her ancestors; but she is not forced to remain married when doing so means complete suppression of her own life. Civilization needs divorce until it is completely adapted to the new status of women.

It is only natural that we have more divorces now, and we consider it a sign of present day enlightenment and intelligence that such discussions as this one tonight can be held openly on such a complex problem. In the past the institution of marriage was regarded as something too sacred for discussion. Any attempt to reconcile it with what was unintelligently called the divorce "evil" was surrounded by emotionalism that prevented a real solution of the problem. Even today we are not free from this kind of prejudice. I can speak as a pretty good authority on that. You know we come from a "co-ed" college, and when we started out to speak of divorce as a social asset we found that we were by no means expressing the unanimous sentiment of all of our fellow students.

However, my point is that our attitude toward marriage and divorce today is by far the healthier and sounder one. Why should we weep over the evident passage of permanent marriage in all cases? Remem-

ber it is the unsuccessful marriages that divorce is ending—not the successful ones.

The gentlemen of the opposition will no doubt tell you that the prevalence of divorce today serves only as an incentive for other divorces and that people are less likely to *try* to make marriage successful when they realize that a divorce can be easily obtained. We recognize that there is much that is valid in this argument, but we must also remember that tonight we are debating, and that we are not on this platform to offer you arguments that may be sound enough but which have no connection with the problem under discussion. The fact that there are many divorces does not alter the fact that some of them are desirable and necessary.

We are certainly ready to agree with those who criticize the present state of divorce and marriage as chaotic. We believe that is because at the present time we have neither the complete modern view nor the older conservative opinion. We have a combination of two opposing attitudes, unfortunately, and the result is confusion. Doesn't it seem natural that in striving toward our ultimate goal—the happiness of all marriage—we have to pass through an unsettled preliminary state of affairs?

My own idea is that the intelligent thing to do would be to attach to the unthinking marriage and the hasty elopement some of the strict moral criticism that in the past has been applied only to divorce. To have successful marriages we must eliminate those in which the man and wife only half-heartedly intend to try to make their union happy. Perhaps when we have only

intelligent marriages we will need little or no divorce. But that time is not the present. Divorce now stands and will stand in the near future as our only relief for maladjusted personalities and unfortunate marriages. It will consequently have to be recognized as a definite social asset.

First Negative, Benson C. Pressly
University of Georgia

LADIES AND GENTLEMEN: For thousands of years families enjoying sacred marriage have been the backbone of civilization. During these countless ages men and women have become united with one another to live together as one person spiritually and physically. The gentleman from Swarthmore would have you believe the requirements of modern civilization have wrought such a change in the contemporary scene of morals and inter-relationship of sexes, that a system of divorce laws becomes beneficial to mankind. They have represented divorce as a necessary social asset, a desirable institution with what they seem to consider the modern trend of thought; the school of thought which has been so prevalent in this post-war era of cynicism and sophistication. For more than a decade now we have been deluged by perverted literature written by a generation of authors whose perspective of life has been undermined with the hardships, horrors, and privations of warfare. We accepted these writings as a natural reaction to the war, read them, applied them to our philosophy of life and found them wanting.

Indeed, we consider ourselves too modern a people to change our standards of morals with the whims of every literary genius. How ridiculous it would be to let these perfidious literati, no matter how amusing and clever we may think them, dictate our morals, conventions, and conduct. If Theodore Dreiser wants to write morbid books about pathetic specimens of our race we will not stop him; it might be good literature, but that doesn't mean that it is good, common sense, nor that it can be used as a basis for a reformation for a moral code that has worked successfully for generations. If Judge Ben Lindsay wants to amuse his public by writing scrofulous articles attacking the institution of marriage and baiting Bishop Manning—that may make racy newspaper copy—but we are not so callow as to make his tirades referable to our system of living. We cannot permit a judge from the Middle West, no matter how facile he may be with his tongue and pen, to overturn the wisdom of centuries and upset our system of living. Now that our generation is reaching its majority we intend to discard these crude principles of conduct along with our other adolescent ideas. This post-war generation has done so much and has seen so much that life has lost its savor; they are fed up, burned out, and bored. They no longer believe in romantic love because they have lost the capacity for it. They had learned about Santa Claus and had seen the circus but the boredom of those who have seen the circus many times is not inherited by their children. We are bidding an *au revoir* to sophistication and basing our theories on sound principles of relationship be-

tween man and woman. We realize that man and woman are not only biologically different but morally, spiritually, mentally, and esthetically different as well. Before real happiness can be found in marriage certain adaptations must be made and it is because these adaptations are not mutually sought by both of the parties that so many men and women find their marriage contract to be one of the quasi-variety.

Thus we see that the divorce courts are crowded with suits for divorce based entirely upon the idiosyncrasies of one or both the parties. People who have been unable to live with themselves nevertheless are trying to live in harmony with others. They have been unable to make the sacrifices necessary in order to blend two lives into one. When a divorce court grants a decree, as the statute books of some states reveal, on such insignificant grounds as the husband eating onions, then we know that the divorce courts are granting divorces in such a lax manner that it is nothing more or less than mutual consent; that is, if one can afford to migrate to a distant state and pay the extortionate fees. Then these people who have allowed their marriage to become a failure are permitted to remarry and go through the same ordeal again. We contend that this sort of thing is nothing more or less than common adultery.

Mr. Hawkins and I are of the opinion that one of the principles of marriage is the procreation and the rearing of children. Then let us consider for a moment the plight of the child of divorced parents. It is only now being understood in the light of modern psycho-

logical research how much a child depends upon the presence of both parents in the home for its healthy growth. Dean Christian Gauss of Princeton, in his recent book, "*Life in College*," says: "The boys who, on the side of conduct and morals, do least well in college are the sons of divorced parents." The children of divorced parents seem to suffer the same disadvantages as illegitimate children. More than likely they will be torn by a divided control; moreover they do not grow up with the solid assurance which the home as an unassailable background gives to a large percentage of the children reared in the average pleasant home. They are less likely, therefore, to feel their true social status. Unless they are possessed of unusual faculties indeed, they may start life with a demoralizing inferiority complex. You are well enough acquainted with the evils of the methods of disposition of the child of divorced parents not to take the time here to point them out. The point we wish to make, if we are correct in our assumption that one of the principal objects of marriage is for the procreation and rearing of children, and knowing you realize the miserable plight of the child of divorced parents, is this: Can any law which creates such conditions be called a social asset?

We contend that if divorce as it exists today is a social asset, then it follows that marriage is a failure. If those who are divorced are not sincere, then it follows that marriage as we have accepted it all these centuries is deficient. We are unwilling to accept this conclusion. We contend that the large number of divorces, and

they are increasing every year, and the ease with which they may be obtained, is causing the destruction of the institution of marriage. And we are unwilling that this should continue. To our way of thinking, marriage is one of the few things left in our jaded civilization to which we can point with pride. It is surely worth salvaging from our muckrakers and free-love advocates. To us it is the very foundation of civilized society. Any agency that would undermine marriage is not to our minds a social asset. And that is exactly what divorce is continuing to do. If marriage is not all it should be today then it is because divorce has weakened it. And let me show you specifically what I mean when I say that divorce is the cause of the destruction of the institution of marriage. If two people contemplate marriage, and realize as they should that it is a contract for life—a religious sacrament as well as a civil contract—then these two people realize likewise that it is a vow for all time. Briefly, they will be in the proper frame of mind, and will regard the ceremony with all the seriousness and finality that such an agreement should have. This is as it should be! In such a state of mind the security, not only of the two parties themselves, but indeed the security of society and civilization depend. Upon such a binding contract the security of our church, our state, and our very self-respect rests.

Now let us consider the reverse. When the parties know the contract need not be binding and that for any number of petty and often frivolous reasons they can be released, what is going to be the outcome?

Simply this: that the parties will not give the same consideration or deliberation to their contract. They will not even think twice before entering the contract since they know they can withdraw from it at will. Divorce has lowered the status of marriage below the dignity of the ordinary business contract. So when we see man and woman go to the altar, literally with their fingers crossed, how can we hope to make the institution of marriage all that it should be. It is doomed in many cases before it was consummated. The parties knowing they have an easy exit enter it as a lark. The truth is that the ease of securing a divorce has encouraged most of these mismated unions.

So we say with the evidence before us that divorce has undermined the institution of marriage. If the Affirmative are dissatisfied with marriage as it exists today, we can say the fault lies in the parties not taking it seriously. And they do not take it seriously because they know with an easy divorce to be had, it is just not a serious or binding matter. One could with justice say that our present lax divorce laws—laws that permit the parties to break their marital status because of incompatibility of temperament and other such inane reasons—make the present day marriage a trial period if the parties deign to treat it so. With divorce so casually obtainable, present day marriage is nothing short of companionate marriage, dissoluble at every whim or caprice of either party. And let me warn my opponents that this is not over-stating the matter in the least; I would remind them that when divorce is

obtained by a collusion of the parties it is companionate marriage pure and simple.

When two persons can be joined in the holy bonds of matrimony with the proviso that they may leave each other whenever, for any petty reasons, it pleases either of them, then that is companionate marriage and it is neither holy nor indeed is it a union at all. It is this element in divorce that we cannot tolerate in civilized society; that it nullifies the very essence of the marriage contract at its inception; it is a mere temporary agreement; an arrangement for the convenience of the parties and at the sufferance of either only for that period of time that each is wholly satisfied. Such is not the status we desire for the cornerstone of our family and our society.

I cannot believe that the gentlemen from Swarthmore would for one moment condone companionate marriage yet it is what in effect marriage with present day easy divorce means. We agree heartily that there are evils in our present system and that all marriages are not successful; that some are better dissolved; and that many are quite dull. But we are still pleased to return to the point that marriage, and marriage alone, is the one recourse against the evils of the present day—indeed against such evils as Dreiser, Russell and Lindsay. Marriage is not all a path of roses—no human relationship can hope to be. It should not be wondered that two persons living together experience difficulties. We grant that marriage is a trial; an effort; it is a difficult, an exacting state. But that does not mean that we must tear down the state rather than

put up safeguards around it. Can we think of any good thing accomplished without patience and love of labor? Is the artist or musician the product of a week's license? It is the strengthening and not the weakening of this marital relation that is the answer to these evils. More marriages rather than less, longer ones rather than shorter ones is the solution. If a man is intemperate in drink, we do not try to improve his condition by making drink easier for him to get; we make it more difficult. Mr. Russell and his element would prevent immorality by offering new and easier ways of being immoral. We live for the next generation. Our laws are made for them as well as for us. If we forget them, God help posterity and us.

**Second Affirmative, David W. Stickney
Swarthmore College**

LADIES AND GENTLEMEN: It has been a very real pleasure for the Swarthmore Men's Debate Team to travel two thousand miles for this debate. My colleague and I want to take advantage of this occasion to express our warmest appreciation for the fullness of your Georgian hospitality, and to assure you that we are enjoying every moment of our visit.

The question we are considering this evening has been very wisely chosen because of its paramount importance to all society. We are convinced that happy marriage is an absolute fundamental of society, that it is a prerequisite for cultural and material happiness. Nothing is more destructive to society than a com-

munity of wrecked homes and wrecked family lives, and we are sure that nothing can be more detrimental to the welfare of children than to have the spectacle of the unfortunate marriage thrust before them daily. The institution of marriage is imperfect; happiness is not always the corollary. My colleague has shown that when this is the case divorce is the only resort—all other palliatives having failed.

As I said, we are discussing a problem which is of greatest importance to the whole world. When we are dealing with a situation applying to at least one-fourth of our married population (twenty-four and five-tenths per cent), divorce cannot be regarded as a sin, a crime, or even a helpless disgrace but as an ordinary, and rather commonplace occurrence to which all our social and economic conditions must be adjusted.

The basis for all opposition to divorce comes from the Roman Catholic Church and their interpretation of natural and divine law. The Pope's Encyclical of January 1, 1931, explains this concept: matrimony is instituted by God; and a divine ordinance, such as marriage, is not subject to human decree. None of our laws or statutes derives more directly from ecclesiastical influence; and about nothing else are we in so great a mess.

Marriage, in the eyes of the state, is a status resulting from a civil contract based on certain special and moral duties but not conditioned by personal happiness. The assumptions are that the wage-earner will provide, that the partners will live in a happy state, that each will live a moral life, and that the contract

lasts "until death do us part." This contract may be broken only by the commitment of a criminal breach sufficiently drastic that the court will award a divorce. Every state in the union appreciates the shortcomings of matrimony as it exists today, and every state makes provisions for the annulment of the marriage contract. But there is absolutely no uniformity among the various states, and the requirements vary as frequently as the color of license plates. Thirty-seven per cent of the divorces are granted on grounds of cruelty, a third for desertion—as in Nevada—and only four per cent for failure to provide. However, in New York, the only basis on which a divorce will be granted is the proof of adultery.

Relatively few wrecked homes are caused by these enumerated breaches. The laws that do exist offer no relief for insanity, or for mean, nagging and irresponsible dispositions. After all, married life is a human affair; no divorce code can pretend to fix the causes for all unsuccessful marriages.

Let us take the instance of a perfectly civilized couple living in the state of New York. For them married life has proved a decided failure; they want a divorce, they even agree that this is the only way to happiness. What can this couple do? Well, they have one of three courses to follow. One may go forth and deliberately commit the scandalous crime of adultery, since this is the only crime recognized as grounds for divorce in New York. Then the courts of the state will reluctantly award them a divorce. But such a course is rather damaging to one's social position, and perhaps

contrary to one's ideals. Our couple may then decide to establish that very nice legal pretext which Reno and the state of Nevada offer to the wealthy. The wife may pack her trunk, embark for Reno, and after a short stay in Nevada bring suit in the courts of that state charging that her husband has deserted her. But this procedure is too expensive for our couple, so they decide on the most frequent practice of New York—that of committing perjury. Both husband and wife go to court and swear falsely under oath that one is guilty of adultery—each lying for the sake of the other that both may escape the trials and tribulations of their married life.

Thus it is that the whole court and legal system of our country is being demoralized; the racketeering which follows destroys respect and security in the law. The whole world is shocked by the abuses of Reno, and rightly so. Either we must tolerate this demoralizing influence, or perfect the institution of marriage. We, from Swarthmore, choose the latter course. Society demands a solution that will permit civilized people to secure happiness without incriminating themselves. As long as every justice of the peace will sell marriage licenses as willingly as fishing licenses—merely for the sake of the fee attached—just so long will we have hasty marriages proving to be failures, and just so long will we be in absolute need of a divorce system which will correct the shortcomings of the present institution of matrimony.

The experience of the Scandinavian countries has proved a great success and may assist us in solving our

problem. In Norway, Sweden and Denmark divorce may be granted by consent. This is a frank recognition of the imperfection of the marriage system, and a bold attempt to relieve the situation. Success has been universal. There is little difference between the moral and social life in Scandinavia, where divorce is liberal, and in England where divorce is a long and expensive process. This is a valuable experience which America will do well to profit by.

People have to be pretty miserable before they will agree to upset their lives by legal separation. The social censure is so strong that people dare not willingly or hastily seek annulment of their marriage. It is quite impossible to list and codify all the causes of the unfortunate marriage, yet under the present system one must assert a grave crime or tort. This system is exceedingly unjust; our courts are demoralized, and our people are forced to incriminate themselves. Neither is conducive for a healthy and sound state.

First, we should insist on more stringent marriage laws to prevent experimental marriage, and to suppress the infamous racketeering by the justices of the peace. Then, we should establish divorce by consent as practiced so successfully in the Scandinavian countries. This would eliminate the corrupting racketeering, the shyster lawyers of Reno, and would permit a perfectly civilized and rational couple to secure a divorce without committing a crime, or at least perjuring themselves.

Marriage is perhaps the most fundamental relationship in the state. No civilized community can permit

its sanctity to be jeopardized by inadequate marriage and divorce laws. The sole objective of the Affirmative has been to promote the social welfare by perfecting the institution of marriage. Divorce is the indispensable means. Since domestic happiness is the basis of national welfare, divorce is inherently a *social asset*. It is the only security society possesses after marriage has failed.

Second Negative, Frank Hawkins
University of Georgia

LADIES AND GENTLEMEN: The gentlemen from Swarthmore have stated that they want this debate handled in a liberal manner. But we are opposed to this because we realize that too much liberty has already been taken with marriage and divorce and that is what is wrong with it today. We are in favor of pinning the subject down to the facts and that is what we are doing.

Our most vital concern is that our nation should be protected from the evil that is undermining it. This evil is divorce. Since hearing the speakers for the Affirmative, the Negative is even more convinced that divorce is not a social asset, for they clearly show that they follow the school of modern cynicism which would destroy our moral and social fibers and strip us of our self-respect.

This must sound as though you are going to hear a good old-fashioned lecture on morals and ethics and the sacredness of marriage. We frankly confess that

we are in favor of such proceedings and our reasons are justified.

It is a pleasure for us to allow our old-fashioned ideas a chance to return and be considered in the face of vulgar modernism. The time is ripe for someone to uphold the sacred institution of marriage, or something, since we have been so disgustingly deluged with immoral writings, teachings, and outbursts from the pens of these who mock our most valued and treasured institutions.

Suppose we have a look at a few of the popular writers who champion divorce and immorality and who, through the skill of their pens, are rapidly influencing the young to believe that there is no such thing as decency. First, and foremost, there is Henry L. Mencken who admits that he has no "moral purpose" and who says, "Let us trust in God who has always failed us in the past." There is Sherwood Anderson, a recent visitor to our campus, who says there is nothing to life but sex. His philosophy of life is based on sex alone. And finally, there is Bertrand Russell who states that adultery is the only ground on which a divorce should not be granted. Now all this may sound very proper and smart. For a while we were lead to believe that this modern school of thought was attractive and clever, but we have become so disgusted with having it continually thrown in our faces, that our spirit revolts at such obscene teachings so treacherously veiled in the robes of cleverness and humor.

And so you see exactly how the Negative regards the

modern teachings on divorce. It is obvious that such cynicism and sophistication is too deep and subtle for us. Alas, we must resort to the old, time-worn teachings that we learned in former years. We have neither faith nor admiration for debunking.

Divorce is corrupting and destroying our legal institutions and making a joke of laws in general. We know that divorces are too easily secured and offer too much opportunity for the evasion of law. With the first quarrel, one of the parties can go into a rage and sever marital relations.

There is a ridiculously large number of grounds on which to secure a divorce. In fact one doesn't even have to have grounds. They can be framed, wrapped, delivered, and bought to order through the medium of our courts. According to Judge Joseph David of Chicago, fifty per cent of the divorces granted involve perjury, and according to Judge Harry A. Lewis, also of Chicago, fifty per cent to sixty per cent of all decrees are obtained through fraudulent testimony. The most disgraceful aspect of this is the fact that the judges granting these divorces realize that they are tainted, thereby setting at naught our faith in them and reducing the respect of society for law. How can we feel justified in taking *any* of our difficulties, no matter how trivial, before courts that are polluted with fraud and perjury?

Persons securing divorces resort to perjury, false testimony, and bribery to secure freedom from a marriage which they admit that they erred in making. Suppose we illustrate with a typical case. A man and

his wife decide after a time that they do not wish to continue living together under the same roof. There is no need to patch up the quarrel and make the best of things because they realize that they can easily secure a divorce if they are willing to pay the price. One, or both of them go to see their respective lawyers and either give or invent grounds for divorce. If the parties are in collusion, as they frequently are, they agree for the husband to rent a room in a hotel where he can be caught by paid detectives in a compromising situation with a hired companion. Then the shyster lawyer enters suit, witnesses are bought, false testimony is sworn to and once more the principals involved are free to go their ways. But in the meantime what of the courts? Are they serving their purposes in the manner that they are intended to serve them? Of course not. They are *knowingly* and *willfully* allowing divorce on the assumption that one party has willfully or maliciously wronged the other.

Next we must consider the money that is involved in securing divorce. Divorce has come to be a source of lively competition between the states. There is great rivalry for the tainted dollars that the divorcé scatters in order to secure his release. Divorce is being made easier to secure by certain states that are jealous of their enterprising sisters, in order to draw some of the trade which will enrich shyster lawyers, detective agencies, perjured witnesses and other commercial enterprises. Florida and Arkansas have decided to compete with Nevada and have recently reduced the residence requirements for parties wishing to secure

divorce under their jurisdiction. They figure, as does Nevada, that if there is going to be divorce, they might as well be the ones to be financially benefited. If we are going to have divorce at all, it can be secured in some manner, somewhere. Nothing as commercialized as divorce can be run on a high level without corrupting our social and legal institutions. Mr. Pressly and I wonder if it can be called a social asset.

Our sense of decency and propriety is being corrupted by the unpleasant publicity which comes out in divorce cases. Much of our fiction, as well as our newspapers and magazines, deals with divorce, not only lightly, but flippantly, and at times sordidly, with seldom a gleam of moral insight or spiritual vision, as if marriage has become a bondage from which to secure a release. We come in daily contact with writings portraying the brutal husbands, unfaithful wives, dispensations of children, and the amounts of money to be paid as alimony. Nor do these accounts seem satisfied with merely giving the facts in the case. They go into detail and seem to delight in presenting the scandal and sensational evidence which comes out in the court room. It is our contention that such written matter exerts an unwholesome and anti-social influence on its readers and is, therefore, decidedly not a social asset.

After reading and observing how easily divorce can be secured, young people become satisfied that marriage bonds are things which can easily be cast aside, and as a result enter into hasty marriages without thinking of the importance of such an act. But why

should they give marriage a second thought when they realize that if either party becomes disappointed in his or her choice then the undesired party can be traded in on a new one through divorce? When these experiments in marriage become frequent enough, we do not really have marriage but a ceremony performed to satisfy the animal passions.

Our fairer sex, as well as our sovereign states, are looking on marriage and divorce as a "racket." It is woman's chief end to exert her charms until she has secured a male being who will serve as a lover and meal ticket until he ceases to be considered a lover. But when this unfortunate situation arises, it would be too bad to lose both the lover and the meal ticket, so a divorce is secured whereby the lover can be cast aside and a meal ticket retained through alimony. Of course we realize that divorcees must eat, but after two or three divorces, each ending in a more advantageous alimony settlement, it occurs to us that she is in danger of becoming over-nourished at the expense of innocent parties. We have a certain class of women in this country who seem to feel cheated if they do not have at least three or four divorce scalps on their belts. And when we allow a thing like divorce to become a fad and fashion among women, it is time to put a stop to it or there is no telling how far it will go. It's the old principle of "I've got to have a new hat because Mrs. Jones has one." The difference in this case is that men are used in place of hats.

Marriage is in danger of becoming a farce because the laws governing divorce are as easily and unfinch-

ingly evaded as are those regulating prohibition. When we allow our social institutions to become laughing stocks, they are *social menaces* rather than social assets.

The divorce situation is causing our population to laugh, not only at the state laws regulating divorce, but also at the laws of the various religions. The marriage ceremony is being shorn of its recognition as an act of God. The churches are being used to create supposedly life-long contracts between men and women which can be easily broken up by the state. There we have the old conflict of Church and State. What one is creating the other is destroying. If marriage is to be a thing of a worldly nature to be broken up by unscrupulous state laws, why not force the state to perform all marriage ceremonies? Then we would have legalized adultery and the rites of the Church would not be degraded in performing ceremonies which were originally intended to be acts of God. It is not for the best interests of man that his two chief governing bodies, the Church and the State, should be setting at naught each other's acts.

To be a social asset, an institution should be founded on the principles of uniformity and equality. Assuming that divorce is a social asset, does it come up to these requirements? The answer is evident that it does not. There is no uniform divorce law in this country. All of which brings us right down to the facts. Either we are going to have divorce or we are not going to have divorce but allow separation in extreme cases. We champion the latter stand as being

the most logical, decent, and law-abiding. We have either got to cease our pretensions of sacred marriages performed for true love, where the real purpose is only for sex gratification, or else we must denounce divorce and live up to marriage contracts which have been and will continue to be society's greatest asset.

First Negative Rebuttal, Frank Hawkins
University of Georgia

LADIES AND GENTLEMEN: The gentlemen from Swarthmore have made it very clear that they realize that there is something wrong with marriage as we are faced with an increasing number of unhappy experiments. They say that the way to remedy this situation is through divorce—even more lax divorce laws than we have now. We contend that divorce is not the remedy; it has been tried and found wanting. The truth of the matter is that our present divorce laws are responsible for many of the current unhappy homes. People who are unsuited to each other and unfit for the responsibilities of married life are heedlessly entering matrimony because they realize that the divorce laws provide a convenient loophole when the marriage proves a failure. If the parties entering into the marriage contract were made to realize that the marriage was a permanent thing then they would use more discretion in selecting a life-long partner.

The Affirmative even go so far as to say that we must have divorce because it is the only way to terminate the marriage contract of persons who simply

cannot make a go of matrimony. We also know that there are times when some situation arises that would prohibit the living together of a man and his wife. In this case something must be done and we advocate separation but not divorce. We contend that this would end the trouble between the man and wife and at the same time it would be protecting our courts and citizens from the present iniquities of the divorce laws. It is not our plan to force two ill-mated persons to continue to live together in strife, but it is our plan to do away with divorce and its attendant evils. Separation is the solution to the problem.

When one party of a marriage desires a divorce, it is usually because he, or she, desires to marry someone else. The only way they can accomplish this purpose is through divorce. But if the person knew that a divorce could not be secured he would not be looking for a new mate. At least he would realize the futility of his search and the chances are that he would make himself content with his wife or else secure a separation.

We expected that the Affirmative would say that it is detrimental to the welfare of children to have the spectacle of the unfortunate marriage thrust before them. Let me answer that we do not favor this situation either and under our terms the child would not live with quarreling parents. As we have already said, we favor separation in extreme cases. But more than this; if there were no chance of the easy divorce as it exists today, we contend that there would be mighty few households of fighting parents. When a couple entering into an agreement are made to realize that they

cannot break that agreement, except under the most extreme circumstances, we know that that agreement is going to be made only after the most serious thought and deliberation. When they know that it is a contract for life, not to be easily broken, they will not enter into it unless they are willing to accept all the trials and hardships that it entails.

At present, with the easy exit, anybody is willing to enter lightly into the marriage contract. This is why it is so unsuccessful; this is why we have our fighting parents. When no responsibility is demanded of the parties entering the marriage state, we are bound to find unhappy homes. And this is the very crux of our case. Marriage without divorce is marriage with responsibility. It guarantees, so far as we can give a guarantee in human relations, that the parties contracting are serious. Under these circumstances, if ever, you have the requisites for a happy marriage. Your parents won't be quarreling because they know that if they do quarrel there is no chance of a divorce. Now, consequently, if they can possibly see a chance of disagreement they will not marry. We realize that such contingencies cannot always be foreseen but we submit that it is better that the parties not be told prior to the agreement that they may break it at any time for almost any reason. In this latter case marriage never has a chance—it is doomed and maimed at its very inception.

First Affirmative Rebuttal, Robert H. Wilson
Swarthmore College

LADIES AND GENTLEMEN: The gentlemen of the Negative have spent a great deal of time telling you all about the perverted type of literature that is permeating our post-war civilization. They say that this type of writing has influenced the public mind to the point where it has cast over all its past conventions and moral standards. May I say simply that we do not believe that writers of the class they have mentioned are either forceful enough or convincing enough to influence the great force of popular opinion so tremendously. We do not believe that anyone is going to step out and divorce his wife because he reads an article by Judge Ben Lindsay. We are trying to keep this debate on an intellectual basis. We want to exchange ideas and to discuss the question on its merits. Quite frankly, I don't think any more of the type of writing that Mencken and Dreiser produce than my opponents do, but I'm not taking up the time that we should be debating to express my opinions.

Incidentally it strikes us as remarkable that gentlemen of such wholesome and conservative views are so familiar and conversant with literature they are so sure is meant only to corrupt their minds.

We regret, also, that the gentlemen from Georgia have misunderstood our offer to discuss this question liberally. In my opening remarks I said that we thought a subject of such importance as this one should

neither security nor peace, and where the determination of the parents that they will not be divorced only prolongs the period of hardship and unnatural development.

Both teams tonight are criticizing the laxity and the irregularity of the divorce laws. We believe that they should be improved and regulated. Our opponents want them done away with. They mentioned the eating of onions as the most insignificant of all possible grounds for divorce. I don't know whether that's insignificant or not. A lot would depend on the onions.

And let me warn the people of Georgia that right now they are doing an awful lot toward creating another set of insignificant grounds for divorce. Up north we have been reading a lot about your cornpone and potlikker controversy. According to the *Atlanta Constitution* your state is torn between two factions—those who believe in dunking their cornpone and those who stand firm for crumbling it. Aren't you afraid that this question may enter into marriage contracts? Divorces may be granted some day on grounds of "incompatibility of handling cornpone." It may even go so far that some day brides will solemnly chant:

Whither thou goest, I will go;
What thou doest, I will do;
If thou dunkest, I will dunk:
But if you crumble, our wedding's sunk.

May I again emphasize the necessity of eliminating sentiment and unthinking emotionalism from a discussion of this kind. Tonight I am afraid that much has

be discussed freely—from all viewpoints. Our opponents have turned this into a charge that we are being too liberal and that we are taking liberties with the institution of marriage.

The first speaker has told you that marriage is no path of roses. I don't know whether that is meant to cheer you up or not. He was pointing out the fact that a large number of marriages end in failure. We demonstrated that, too, and our solution for marriages that cannot possibly continue is divorce. His remedy is "longer marriages and more of them." Now this answer reminds me of the experience of a college in Pennsylvania some years ago. Its football team had been losing consistently every game that it played, and finally some enthusiastic alumnus jumped up with the suggestion that his alma mater ought to play better teams and play twice a week instead of only on Saturdays. Well, they tried it. I hope this solution of the marriage problem proves more successful.

In trying to show you that divorce is not a social asset our opponents have taken great pains to paint emotional pictures of the effects of divorce upon children. By using such phrases as "unassailable background," "pitiable plight," "disposition of the child" and "demoralizing inferiority complex" they have sought, very successfully, I believe, to arouse sympathy for their arguments. But they are overlooking the fact that a child taken out of a wrecked home by the divorce laws is far better off than one who is forced by convention to remain in a home where its father and mother are continually quarreling; where there is

been introduced that does not apply directly to the question we are debating. We must ask you to remember that a debate differs from an ordinary conversation. Arguments that may sound very reasonable and which appeal strongly to your sympathy are out of place when they do not squarely meet the definitions of the question as our chairman has proposed it tonight. The Swarthmore team has done its best to follow his instructions. We hope you will appreciate this sincerity.

Second Negative Rebuttal, Benson C. Pressly
University of Georgia

LADIES AND GENTLEMEN: It grieves my good Presbyterian soul to hear the gentlemen from the old Quaker school chide us for being narrow and illiberal in our moral views. Why, he even intimated that we are in league with the Pope, and take our strict views towards marriage at his dictation. I want to say at the outset that we are chiefly concerned in preserving the institution of marriage. And our opponents profess the same desire. They say that this can best be done by permitting divorce as it is; we say that divorce is destroying the marriage state. I cannot refrain, however, from pointing out a serious disagreement between my opponents. The first speaker, you will recall, declared that we must have more lenient divorce laws to combat the growing fad of companionate marriage. But the second speaker was quick to say that the present divorce laws must be made stricter.

It also amused me to hear Mr. Wilson solemnly declare that there were more divorces because there were more unhappy marriages. Now, isn't he getting the cart before the horse? If our unhappy married people knew before they married that it was a permanent affair, how many of them do you suppose would be married? When you let them get a return trip ticket, they do not give much thought to the destination because they know they can come back. No, I really believe that most of the unhappy marriages are caused by the existing divorce laws; they invite hasty and ill-considered unions. Indeed, they give rise to what in effect are companionate marriages—which the gentlemen on the other side profess to fear.

The last Affirmative speaker blandly assured us that since marriage has failed, there must be some divorce law as an outlet. Now we don't believe that marriage has failed; it has been undermined and weakened by the presence of a divorce law *inviting* people to take it lightly. But knowing that there are as the opposition states it many "unsuccessful" marriages—what do we propose to do about it? In the first place, what is an "unsuccessful" marriage? Doesn't that mean merely that one of the parties is dissatisfied? And are we going to take marriage so lightly that we will grant divorces for disagreements? Yet that is being done every day. As my colleague pointed out, we favor relief in certain cases. For the insane and those suffering with incurable diseases there is annulment—although Mr. Stickney says the social censure connected with annulment overwhelms the people he would

seek to save from the ills of married life. For the others with their incompatibility of temperament, mental cruelty, and lack of attention, we doff our hats to the Pope and say give this element a separation—though it's much too good for some of them. By refusing to give them a divorce, we put all on notice that once married you must stay married. If after due deliberation they cannot live together, let them separate. But to give them the right to remarry cheapens this sacrament; it lowers the state of woman, and encourages a temporary union for the gratification of carnal desires.

Now about the success of divorce in the Scandinavian countries—that just has nothing to do with the case we are discussing. It may do well there; indeed, we have even heard that the prohibition of liquors is doing well there. But even our opponents realize that what may be true of those nations may have no application here. Indeed, they did not see fit to show their grounds for making an analogy between the two because they know it does not exist.

One word about the children before I close. The Affirmative seem to have scored a good point when they replied that they would rather have children of divorced parents in an institution, than to have them in an unhappy home. In general, we agree. But this does not mean divorce is an asset or that it is necessary. The parents could still be separated and have the children placed in an institution. But our stand goes deeper than these secondary remedies. We contend that unhappy homes harboring such children would be

reduced to a minimum if the contracting parties were made to take their agreement more seriously. They can never take it seriously when they know they can be released for little or no cause.

Second Affirmative Rebuttal, David W. Stickney
Swarthmore College

LADIES AND GENTLEMEN: I wonder how many people in the South here remember the old-fashioned hoop skirt that our grandmothers used to wear. Sitting here on the platform tonight, the speeches of the Negative reminded me very much of those old hoop skirts. They covered a lot, but they didn't touch anything.

We realize that it is difficult to keep from wandering when debating a subject as important and as difficult as this problem of marriage and divorce. But we do think that a conscientious effort should be made to confine our discussion within the limits agreed upon. It may be a great temptation, as the second speaker for the opposition has said, to deliver an old-fashioned lecture on morals and ethics. I don't know why the speaker said he wanted to give you that kind of a lecture tonight. I shouldn't accept it entirely as a compliment. At any rate, we believe that a mistake has been made in leaving the consideration of divorce strictly as a social asset.

We are not inclined to place as much importance as the gentlemen from Georgia upon the scurrilous writings of present day authors. There are many of them, it is true, who put all their effort into producing

works that are obscene, immoral, and objectionable. However, we do not feel that because of the presence of these writers the present age is entirely an immoral one. We do not condemn, as the second Negative speaker did, the civilization of today as "vulgar modernism." We are convinced that there is much that is *good*, *proper*, and *decent* in the lives that our people are living today. These elements, we hope, will be those which will conquer and which in the future will lead us to the condition of happy marriage and happy family life that we all desire.

It appears that the Negative team is attacking the corruption and evil it finds in the world because it thinks that the Affirmative team is upholding that evil. Such, you must realize, is certainly not the case. We are as well aware as they of the so-called "modern trend of thought." But instead of simply assailing it, as they have done, we are attempting to analyze it and to offer a constructive remedy. We leave it to you as to which is the more worthwhile process.

Mr. Wilson has spoken to you of the old viewpoint that regarded divorce, regardless of its causes, as an evil. We did not expect to encounter that prejudice here tonight; but we have. Three times from this platform the opposing debaters have mentioned divorce and immorality in the same phrase. The gentlemen seem unable to conceive of divorce except as a scandal. Don't you think that when a married couple find it absolutely impossible to continue with each other, when they feel that both their lives are being warped by the strain, when they find that an atmosphere of

friction is harming their children and when they know that divorce will remedy these ills—don't you feel that then they are justified in accepting the remedy which modern civilization has prepared for them?

One of the other speakers has mentioned the professional divorcees who make a living from an ever increasing alimony payroll. This seems to us to be dragging professionalism into the sport. We believe that after two marriages a person loses his matrimonial amateur standing. Seriously, though, it seems unnecessary to point out that these cases are the exceptional. And it is well to remember that the corruption which makes these cases possible is not confined alone to the divorce courts. If there weren't as many dishonest and insincere officials to perform civil and church weddings, there wouldn't be unwise marriages to end in the divorce courts.

We feel sincerely that divorce is a social asset. We realize that the mechanics of divorce are not all that they should be at the present time. That is why we are in favor of modifying and changing these laws. We do not look upon divorce as an end in itself. It is only a means toward realizing our future aim— The time when because of an enlightened social conscience all marriage will be permanent and successful. Until that time we shall regard it as the only sensible and effective way of ending impossible marital conflicts.

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APPENDICES

APPENDIX I

A List of Debate Coaches and Directors in American Colleges and Universities

This directory of debate coaches and instructors makes no claims to completeness or to accuracy. It is impossible to get such a list complete, and if that were possible, it would be a hopeless task to keep it accurate. Questionnaires meet with but a twenty-five to forty per cent response and often they are inaccurate—again they reveal constant changes of the personnel in charge of debate at the various institutions engaging in inter-collegiate debate.

This list was made up from questionnaires returned, from the directories published by Delta Sigma Rho in "*The Gavel*," by Tau Kappa Alpha in "*The Speaker*," and by Pi Kappa Delta in "*The Forensic*," from lists sent in by Professor H. Adelbert White of the University of Nebraska, by Professor G. W. Finley of Colorado Teachers' College of Greeley, Secretary of Pi Kappa Delta, and by Professor M. F. Evans of Birmingham-Southern College. The Editor wishes to express his gratitude to these gentlemen for their assistance and interest in the project.

Now as to the mistakes and the guess work involved—unless another department is indicated after the

name of the debate coach it is to be presumed that he or she is a member of the Speech Department. When two names are given often both work in debate; or one may be head of the department and the other the actual coach; occasionally when a date follows the name of the coach he has held the job temporarily while the regular coach was on leave. No attempt has been made to indicate Men's varsity, Women's varsity and Freshmen Debate coaches consistently. Where the persons named are not the coaches, the actual coaches can be ascertained by writing to those listed, and it is hoped that ultimately corrections may be made and that this list may be more accurate in future volumes of "Intercollegiate Debates." When no coach is named, the fact that the college is named indicates that it engages in intercollegiate debate and that the list should ultimately carry the name of the Debate Director. In this case address the Debate Manager.

Not all the colleges which debate are included. They should be, and if your college is left out, it is to be hoped that you will send the proper information to the editor of this volume so that in future volumes your college may be included.

With humble apologies for all the mistakes, omissions, and inaccuracies, the list is given in the hope that it may prove useful, and that it will grow in length, accuracy, and service in the future.

E. R. NICHOLS,
814 Campus Avenue,
Redlands, California

Alabama

Alabama College for Women. Montevallo. Helen Osband.

Alabama Polytechnic Institute. Auburn. J. A. Kirkley. C. P. Weaver.

Birmingham-Southern. Birmingham. M. F. Evans.

Howard College. Birmingham. Miss Floy Childs.

Talladega College. Talladega. Deckard Ritter.
English.

University of Alabama. University. T. Earle Johnson.

Arizona

Arizona State Teachers' College. Flagstaff. Dr. Mary Hill. *English.*

Arizona State Teachers' College. Tempe. Miss Beryl Simpson.

University of Arizona. Tucson. W. Arthur Cable.
Lish Whitson.

Arkansas

Arkansas College. Batesville. S. C. Evins. *English.*

Arkansas State Teachers' College. Conway. Glenn Kirkland.

College of the Ozarks. Clarksville. Frank E. McAnear.

Harding College. Morrilton. Dean L. C. Sears.

Henderson State Teachers' College. Arkadelphia.
Robert Cotner.

Hendrix College. Conway. Dr. O. T. Gooden.

Ouachita College. Arkadelphia. Dr. George R. Swan.

University of Arkansas. Fayetteville. Virgil L. Baker.

California

California Christian College. Los Angeles. Mrs. Bertha Jackson McKay.

California Institute of Technology. Pasadena. Allyn C. Loosely. 1931-32.

College of the Pacific. Stockton. Dwayne Orton.

Fresno State Teachers' College. Fresno. J. Fred McGrew.

LaVerne College. LaVerne. Crawford F. Brubaker.
English.

Loyola College. Los Angeles.

Mills College for Women. Oakland. Mrs. Alice Stebbins.

Occidental College. Los Angeles. Dr. Charles F. Lindsley.

Pasadena College. Pasadena. N. L. Ketchum.

Pomona College. Claremont. Benjamin D. Scott.

St. Mary's College. St. Marys. No coach. Debates.

San Diego State Teachers' College. San Diego. Paul Pfaff. 1455 University Avenue.

San Jose State Teachers' College. San Jose. Clara Elizabeth Kuck.

Santa Barbara State Teachers' College. Santa Barbara. Dr. William Maxwell. *English.*

Southwestern University (and Law School). Los Angeles. William Barber.

Stanford University. Stanford University. J. G. Emerson.

University of California. Berkeley. Gerald E. Marsh.
University of California at Los Angeles. Westwood.
Charles A. Marsh.

University of Redlands. Redlands. E. R. Nichols.
Joseph Baccus.

Whittier College. Whittier. W. Eugene Knox.

Woodbury College. Los Angeles. Norman B. Clark.

Colorado

Colorado Agricultural College. Fort Collins. Wilbur
E. Moore.

Colorado College. Colorado Springs. W. D. Cope-
land. Arthur E. Baylis.

Colorado State Teachers' College. Greeley. Robert
Allen.

University of Colorado. Boulder. D. Mack Easton.

University of Denver. Denver. Mrs. Isabelle B.
Longfellow, 1211 South Corona Street.

Western State Teachers' College. Gunnison. Lois
Borland. Paul C. Soper.

Connecticut

Connecticut State Agricultural College. Storrs. Andre
Schreib.

Trinity College. Hartford.

Wesleyan University. Middletown. Wilbert Snow.
English.

Yale University. New Haven. J. C. Adams.

Delaware

University of Delaware. Newark. Albert DeBoons.

District of Columbia

American University. Washington. Donald J. Sherbondy. Hamilton House.

Georgetown University. Washington.

George Washington University. Washington. Henry G. Roberts.

Howard University. Washington.

Florida

John B. Stetson University. Deland. Irving C. Stover.

Rollins College. Winter Park. Harry R. Pierce.

University of Florida. Gainesville. Francis C. Savage. Box 2444, University Station.

University of Miami. Miami. K. R. Close.

Georgia

Atlanta University. Atlanta. George A. Town. *Education*.

Emory College. Oxford. W. H. Underwood. Box 184, Covington.

Mercer University. Macon. Lewis H. Fowler. 1045 College Street.

Morehouse College. Atlanta. N. P. Tillman. *English*.

University of Georgia. Athens. George G. Connelly.

Hawaii

University of Honolulu. Honolulu. N. B. Beck.

Idaho

College of Idaho. Caldwell. H. H. Hayman. *Social Sciences*.

University of Idaho. Moscow. A. E. Whitehead, 110 Adams.

Illinois

Augustana College. Rock Island. Wendell Lund, 1931. Martin J. Holcomb, 1932-33.

Bradley Polytechnic Institute. Peoria. Sherman R. Lawton.

Carthage College. Carthage. Merle E. Chapin. 901 Main Street.

Eureka College. Eureka. Ernest Higdon.

Illinois College. Jacksonville. Hoyt C. Franchere.

Illinois State Normal University. Normal. C. F. Malmberg.

Illinois Wesleyan. Bloomington, Milford R. Waddell.

Kent College of Law. Chicago. William M. James.

Knox College. Galesburg. Warren C. Shaw.

McKendree College. Lebanon. Evelyn McNeely.

Monmouth College. Monmouth. Sylvester R. Tousseint. 221 South Seventh Street.

North Central College. Naperville. Guy Eugene Oliver.

Northwestern University. Evanston. C. C. Cunningham.

Shurtleff College. Upper Alton. Harold B. Allen.

University of Chicago. Chicago. Bertram Nelson, Reynolds Club.

University of Illinois. Urbana. W. P. Sandford.
Wheaton College. Wheaton. Florence Cobb.

Indiana

Butler College. Indianapolis. Claude Sifritt.
DePauw University. Greencastle. Herold T. Ross.
Earlham College. Richmond. E. P. Trueblood.
Evansville College. Evansville. Pearl LeCompte.
Franklin College. Franklin. I. George Blake.
Indiana Central College. Indianapolis. John J. Haramy.
Indiana State Normal. Terre Haute. John B. Wisely.
Indiana State University. Bloomington. L. R. Norville. 501½ North Park.
Manchester College. North Manchester. George Beauchamp.
Notre Dame University. Notre Dame. Francis J. Boland.
Purdue University. Lafayette. P. Emerson Lull.
Wabash College. Crawfordsville. Myron G. Phillips. 316 South Green Street.

Iowa

Buena Vista College. Storm Lake. Dewey Deal.
Central College. Pella. Miss Cunera Van Emerik. Francis Bailey.
Coe College. Cedar Rapids. B. D. Silliman.
Cornell College. Mount Vernon. Dr. C. F. Littell.
Drake University. Des Moines. C. C. Corrothers.

- Grinnell College. Grinnell. John P. Ryan.
Iowa State College. Ames. Forrest L. Whan. 2304
Knapp Street.
Iowa State Teachers' College. Cedar Falls. W. A.
Brindley. 2116 Clay Street.
Iowa Wesleyan. Mount Pleasant. Ruth Leavengood.
D. E. Thomas.
Morningside College. Sioux City. John W. Parlette.
3925 Orleans Avenue.
Parsons College. Fairfield. Mrs. Joel Carl Welty.
Mrs. Susan Fulton.
Penn College. Oskaloosa. Virginia Bailey.
Simpson College. Indianola. Edith B. Whittaker.
University of Dubuque. Dubuque. J. Bajemo.
University of Iowa. Iowa City. A. Craig Baird.
Upper Iowa University. Fayette. Lester C. Lindley.
Western Union College. LeMars. Alfred W. Mat-
thews. E. H. Gates.

Kansas

- Baker University. Baldwin. Alfred E. Leach.
Bethany College. Lindsborg.
College of Emporia. Emporia. J. H. Lawrence.
Friends University. Wichita. Paul G. Trueblood.
201 North Charles.
Kansas State Agricultural College. Manhattan. Har-
rison B. Summers.
Kansas State Teachers' College. Emporia. George
R. R. Pflaum.
Hays State Teachers' College. Hays. J. R. Start.

Pittsburgh State Teachers' College. Pittsburgh. J. R. Pelsma. O. F. Grubbs.

Kansas Wesleyan. Salina. Arthur Miles.

McPherson College. McPherson. Maurice A. Hess.

Ottawa University. Ottawa. R. H. Ritchie. *English*.

Sterling College. Sterling.

Southwestern University. Winfield. Dean LeRoy Allen. Dr. J. Thompson Baker.

University of Kansas. Lawrence. E. C. Buehler.

University of Wichita. Wichita. C. C. Harbison. LeRoy Lewis.

Washburn College. Topeka. G. S. Fulbright.

Kentucky

Asbury College. Wilmore. L. A. King.

Berea College. Berea. Dr. A. G. Weidler.

Centre College. Danville. B. A. Wise.

Georgetown College. Georgetown. Rena Calhoun.

Kentucky Wesleyan. Winchester. T. E. McMullen. *Education*.

Transylvania University. Lexington. D. C. Troxel.

Louisiana

Centenary College. Shreveport. S. A. Steger.

Louisiana College. Pineville. E. O. Wood.

Louisiana Industrial Institute. Lafayette. Harry De La Rue. *History*.

Louisiana Normal. Nachatoches. R. L. Kopp.

Louisiana State University. Baton Rouge. C. L. Shaver.

Maine

Bates College. Lewiston. F. Brooks Quimby.
Bowdoin College. Brunswick. Ralph de Someri
Childs. 15 Cleaveland Street.
Colby College. Waterville. Herbert C. Libby.
University of Maine. Orono.

Maryland

Goucher College. Baltimore. Naomi Riches.
Johns Hopkins University. Baltimore. John C.
French. *English*.

Massachusetts

Amherst College. Amherst. Lee Garrison.
Boston College. Boston. Walter McQuinn.
Boston University. Boston. Ward Browning.
Clark University. Worcester. Dr. S. J. Brendenbug.
Harvard University. Cambridge. Edward M. Rowe.
J. Mack Swigert.
Mt. Holyoke College. South Hadley. Jeanette Clarke
Dickie.
Springfield College. Springfield. Van H. Eakes.
Tufts College. Medford. N. C. Maynard. 132 Cur-
tis Street, West Somerville, Massachusetts.
Williams College. Williamstown. Albert H. Licklider.

Michigan

Albion College. Albion. N. J. Weiss.

- Alma College. Alma. Herman W. Spencer.
 College of the City of Detroit. Detroit. Garnet Garrison.
 Hillsdale College. Hillsdale. W. H. Roberts.
 Hope College. Holland. Deckard Ritter.
 Kalamazoo College. Kalamazoo. Milton Simpson.
 Michigan State College. East Lansing. O. J. Drake.
 Michigan State Teachers' College. Ypsilanti. F. B. McKay.
 Olivet College. Olivet. James R. Cretcher.
 University of Michigan. Ann Arbor. James M. McBurney.
 Western State Teachers' College. Middleville. Carroll P. Lahman. Anna E. Lindblom.

Minnesota

- Carleton College. Northfield. I. M. Cochran.
 Gustavus Adolphus College. St. Peter. Evan E. Anderson.
 Hamline University. St. Paul. Charles S. Templer.
 Macalester College. St. Paul. William O. Horne.
 St. Olaf College. Northfield. Abner Haugen.
 College of St. Thomas. St. Paul. Owen P. McElmeel.
 University of Minnesota. Minneapolis. Frank M. Rarig. Women's debate—Agnes T. Sommer.

Mississippi

- Millsaps College. Jackson. Walter Bivens.
 University of Mississippi. Oxford. W. Dwight Wentz.

Missouri

Central College. Fayette. Bernard E. Meland.
Central Missouri State Teachers' College. Warrens-
burg. Ben R. Craig. Louise Freeland.
Central Wesleyan. Warrenton.
Culver-Stockton College. Canton. Roy M. Smith.
Drury College. Springfield. Edwin Adams Davis.
Missouri State Teachers' College. Kirksville. Clifton
Cornwell.
Northwest Missouri Teachers' College. Maryville.
Orville C. Miller.
Park College. Parkville. John Barnes.
Southeast Missouri State Teachers' College. Cape
Girardeau. Forrest H. Rose.
Tarkio College. Tarkio. Lucille Beals.
University of Missouri. Columbia. Wilbur E. Gil-
man.
Washington University. St. Louis. Raymond F.
Howes. Robert E. Young.
Westminster College. Fulton. Frank L. McCleur.
William Jewell College. Liberty. W. Prewitt Ewing.

Montana

Intermountain Union College. Helena. C. H. Crut-
tendon.
Montana School of Mines. Butte. Walter F. Scott.
Montana State Normal. Dillon. A. E. Albright.
Eastern Montana State Normal. Billings. Martha
E. Dewey.
Montana State College. Bozeman. W. F. Brewer.

Montana State University. Missoula. Darrell R. Parker.

Mount St. Charles College. Helena. Robert M. Dinkle.

Nebraska

Cotner College. Bethany. Mrs. Joanna C. Zink.

Creighton University. Omaha. O. P. Sullivan.

Doane College. Crete. Ray Ehrensperger.

Hastings College. Hastings. LeRoy T. Laase.

Kearney State Teachers' College. Kearney. J. Clark Weaver, 928 West 23rd Street.

Nebraska Wesleyan. University Place. Enid Miller. C. Horton Talley.

Peru State Teachers' College. Peru. D. J. Nabors.

University of Nebraska. Lincoln. H. Adelbert White, 122 Andrews Hall.

York College. York. J. C. Morgen.

Nevada

University of Nevada. Reno. Robert S. Griffin.

New Hampshire

Dartmouth College. Hanover. E. V. Simrell.

University of New Hampshire. Durham. Edmund A. Cortez.

New Jersey

Princeton University. Princeton. Hoyt H. Hudson, 10 East Middle Witherspoon.

Rutgers College. New Brunswick. Richard C. Reager,
6 Richardson Street.

New Mexico

New Mexico Normal University. Las Vegas. Lester
Raines.

University of New Mexico. Albuquerque. T. M.
Pearce. *English*.

New York

Colgate University. Hamilton. J. V. Garland, 60
Main Street.

Columbia University. New York City. A. W. Mac-
mahon.

Cornell University. Ithaca. Russell H. Wagner.

Elmira College. Elmira. Geraldine Quinlan.

Fordham University. New York City. James A.
Taaffe.

Hamilton College. Clinton. Willard B. Marsh.

Hunter College. New York City. Arthur Woehl.

New York University. New York City. W. D.
Bryant.

Syracuse University. Syracuse. Sherman L. Kennedy.

Union College. Schenectady. Dr. W. Leon Godshall.

University of Buffalo. Buffalo. John T. Horton.

University of Rochester. Rochester.

Vassar College. Poughkeepsie. Margaret Walters.

North Carolina

Catawba College. Salisbury. Paul D. Seibert.

Davidson College. Davidson. Dr. W. P. Cumming.

Duke University. Durham. Frank C. Brown.
 North Carolina State College. Raleigh. Edwin H. Paget.
 University of North Carolina. Chapel Hill. George McKie. Box 322.
 Wake Forest College. Wake Forest. Dr. J. Rice Quisenberry.

North Dakota

Fargo College. Fargo.
 Jamestown College. Jamestown. Jesse C. Gray.
 Mayville Teachers' College. Mayville. Elbert W. Harrington.
 North Dakota Agricultural College. Fargo. Donald G. Hay.
 University of North Dakota. Grand Forks. William Schrier.

Ohio

Baldwin-Wallace College. Berea. Dana T. Burns.
 Bowling Green State College. Bowling Green. J. W. Carmichael.
 Capital College. Columbus. Arthur H. Kuhlman.
 822 Pleasant Ridge Avenue.
 Case School of Applied Science. Cleveland. Lee H. Strahl.
 Denison University. Granville. Lionel Crocker.
 Heidelberg University. Tiffin. H. Dana Hopkins.
 Hiram College. Hiram. A. H. Brunelle.
 Marietta College. Marietta.

Miami University. Oxford. H. H. Higgins.
Mt. Union College. Alliance. Karl Kettering.
Muskingum College. New Concord.
Oberlin College. Oberlin. William E. Utterback.
Ohio State University. Columbus. Victor L. Ketcham.
Ohio University. Athens. W. H. Cooper.
Ohio Wesleyan University. Delaware. Bernard I. Griffith.
Otterbein University. Westerville. J. A. Smith.
University of Akron. Akron. Maxine Dye.
University of Cincinnati. Cincinnati. Arthur S. Postle.
University of Toledo. Toledo.
University of Wooster. Wooster. Emerson W. Miller.
Western Reserve University. Cleveland. W. A. D. Millson. 1933 East 70th Street.
Wittenberg University. Springfield. Paul R. Brees. John E. Slater.

Oklahoma

Bethel-Peniel College. Bethany. Dr. A. K. Bracken.
Catholic College of Oklahoma for Women. Guthrie. M. Agnes.
Central Teachers' College. Edmond. W. H. Hord. Dorothea Meagher.
East Central Teachers' College. Ada. William V. O'Connell.
Northeastern Teachers' College. Tahlequah. J. E. Arendell.
Northwest State Teachers' College. Alva. O. W. Rush.

Oklahoma Agricultural and Mechanical College. Stillwater. Harry H. Anderson.

Oklahoma Baptist University. Shawnee. Norman N. Matthis.

Oklahoma City College. Oklahoma City. Carl W. Skinner.

Oklahoma College for Women. Chickasha. Clarice Tatman.

Phillips University. Enid. Spencer Austin.

Southeastern Teachers' College. Durant. Pauline Flint.

Southwestern Teachers' College. Weatherford. George M. Crisp.

University of Oklahoma. Norman. Walter B. Emery.

University of Tulsa. Tulsa. Carl England.

Oregon

Albany College. Albany. Ruth Graham Case.

Linfield College. McMinnville. L. W. Sawtelle.

Oregon State College. Corvallis. W. A. Dahlberg, Men's Debate. Paul X. Knoll, Women's Debate.

Oregon State Normal. Monmouth. George Berreman.

Pacific College. Newberg. Chase L. Conover.

Pacific University. Forest Grove. Carolyn R. Winger.

Reed College. Portland. William Blair Stewart.

University of Oregon. Eugene. W. A. Dahlberg.

Willamette University. Salem. Herbert E. Rahe.
835 D. Street.

Pennsylvania

Albright College. Reading. Dr. Raymond A. Houk.

- Allegheny College. Meadville. Hurst R. Anderson.
Bucknell University. Lewisburg. Arthur L. Brandon.
Dickinson College. Carlisle.
Franklin and Marshall College. Lancaster.
Geneva College. Beaver Falls. Dr. Don M. Wolfe.
Gettysburg College. Gettysburg. Dr. Thomas L. Cline.
Grove City College. Grove City. Hillier McClure Burrowes.
Juniata College. Huntingdon. Claude R. Flory.
Lafayette College. Easton.
Lincoln University. Lincoln University.
Muhlenburg College. Allentown. Arthur T. Gillespie. 11 South 5th Street.
Pennsylvania State College. State College. John H. Frizzell. Joseph F. O'Brien.
Swarthmore College. Swarthmore. Everett L. Hunt.
Susquehanna University. Selinsgrove. G. N. Wood.
Temple University. Philadelphia. W. M. Crittenden. 1411 North 16th Street.
University of Pennsylvania. Donald W. Strickler.
University of Pittsburgh. Pittsburgh. William Maxfield Parrish.
Ursinus College. Collegeville. Martin W. Witmer.
Washington and Jefferson College. Washington. Ezra K. Maxfield.
Waynesburg College. Waynesburg. Leslie V. Brock. 164 First Avenue.
Westminster College. New Wilmington. Ben Euwema.

Rhode Island

Brown University. Providence. H. B. Huntington.

South Carolina

Anderson College. Anderson. Gertrude Pratt.
The Citadel. Charleston. Major Hugh S. McGillivray.
Clemson Agricultural College. Clemson College. D.
W. Daniel. Rupert Taylor.

College of Charleston. Charleston. L. M. Harris.
M. A. McLaughlin.

Furman University. Greenville. J. F. Bozard.

Newberry College. Newberry. T. E. Espying.

Presbyterian College. Clinton. Malcolm G. Wood-
worth.

University of South Carolina. Columbia. William
Dean. Reed Smith.

Winthrop College. Rock Hill. Dr. Warren Keith.

Wofford College. Spartanburg. W. L. Pugh.

South Dakota

Augustana College. Sioux Falls. Hugo A. Carlson.

Dakota Wesleyan University. Mitchell. George V.
Bohman.

Eastern State Teachers' College. Madison. Karl E.
Mundt.

Huron College. Huron. E. H. Jackson.

Northern State Teachers' College. Aberdeen. P. J.
Harkness.

Sioux Falls College. Sioux Falls. Arthur C. Gray.

South Dakota School of Mines. Rapid City. C. M.
Rowe.

South Dakota State College. Brookings. Upton S. Palmer. George McCarty. 1932-33.

Southern State Teachers' College. Springfield. Charles Ashton.

University of South Dakota. Vermillion. L. V. Judson.

Yankton College. Yankton. Herbert L. Curry.

Tennessee

Carson and Newman College. Carson. W. Powell Hale.

Fisk University. Nashville. Dora A. Scribner.

Knoxville College. Knoxville. N. Barr Miller.

Lincoln Memorial University. Harrogate. Earl Hobson Smith.

Maryville College. Maryville. Verton M. Queener.

Southwestern College. Memphis. A. P. Kelso.

Tusculum College. Tusculum. James H. Warren.

Union University. Jackson. Dr. H. E. Walters.

University of Chattanooga. Chattanooga. Mrs. Orelle F. Cornelius.

University of the South. Sewanee. William Howard McKellar.

University of Tennessee. Knoxville. A. W. McWhorter. John B. Emperor.

Vanderbilt University. Nashville. A. M. Harris.

Texas

Abilene Christian College. Abilene. Don H. Morris.

Austin College. Sherman. C. H. Gillespie.

Baylor College for Women. Belton. W. H. Vann,
English. Edna Irwin.

Baylor University. Waco. L. W. Courtney.

East Texas State Teachers' College. Commerce.
Maud Webster.

Howard-Payne College. Brownwood. Mrs. G. S.
Whitney.

McMurry College. Abilene. Marvin M. Boyd.

Northern Texas State Teachers' College. Denton.
Ross Compton.

Sam Houston State Teachers' College. Huntsville.
Earl Huffor.

Simmons University. Abilene. Dr. O. E. Baker.
Thelma Andrews.

Southern Methodist University. Dallas. M. McCord.

Southwest State Teachers' College. San Marcos. M.
C. Lippman.

Southwestern University. Georgetown. E. R. Har-
din. E. P. Onstot.

Texas Christian University. Fort Worth. Lew D.
Fallis.

Trinity University. Waxahachie. Allan Mote.

University of Texas. Austin. Thomas A. Rousse.
William Oscar Moore.

Utah

Brigham Young University. Provo. T. Earl Pardoe.

University of Utah. Salt Lake City. Laverne Bane.

Utah State College. Logan. Dr. Wallace J. Vickers.

Weber College. Ogden.

Vermont

Middlebury College. Middlebury. Dr. V. C. Harrington. 4 Storrs Avenue.

University of Vermont. Burlington. M. D. Powers.

Virginia

Bridgewater College. Bridgewater. F. D. Dove.

Emory and Henry College. Emory. E. R. Casto.

Hampden-Sidney College. Hampden-Sidney. Dr. D. M. Allen.

Lynchburg College. Lynchburg. C. L. McPherson.

Randolph-Macon College. Ashland. Dr. E. L. Fox.

Randolph-Macon College for Women. Lynchburg. James Peake.

Roanoke College. Salem. J. F. Prufer.

University of Richmond. Richmond. J. H. Russell.

University of Virginia. Charlottesville. L. H. Hoover.
George Rogers Apts.

Virginia State Teachers' College. Farmville. S. M. Holton.

Washington and Lee University. Lexington. Marvin G. Bauer.

Westhampton College (University of Richmond College for Women). Richmond. Miss Margaret Ross.

William and Mary College. Williamsburg. George E. Brooks.

Washington

College of Puget Sound. Tacoma. John D. Regester.

Gonzaga University. Spokane. E. A. McNamara.

Spokane University. Spokane. F. D. Muse.
 University of Washington. Seattle. F. Wesley Orr.
 Washington State College. Pullman. W. H. Veatch.
 Whitman College. Walla Walla. Roy C. McCall.

West Virginia

Bethany College. Bethany. Emmett E. Roberts.
 Concord State Normal. Concord. Edgar P. Bengert.
 Davis and Elkins College. Elkins. Jennings Randolph.
 Fairmount State Normal. Fairmount. Paul F. Opp.
 Marshall College. Huntington. Edwin Turner Stump.
 University of West Virginia. Morgantown. Wilbur Jones Kay. J. Fred McGrew.
 West Virginia Wesleyan. Buckhannon. L. C. Staats.
 B. W. Folsom.

Wisconsin

Beloit College. Beloit. G. F. Rassweiler.
 Carroll College. Waukesha. Verton A. Utzinger.
 LaCrosse Normal. LaCrosse. Raymond H. Barnard.
 Lawrence College. Appleton. Albert L. Franzke.
 815 East Franklin Street.
 Marquette University. Milwaukee. Dr. William M. Lamers.
 Ripon College. Ripon. Henry P. Boody.
 Oshkosh State Normal. Oshkosh. N. S. James.
 River Falls State Normal. River Falls. Justin Williams.

Stevens Point Normal. Stevens Point. Leland W.
Burrough.

University of Wisconsin. Madison. H. L. Ewbank.
Gladys Borchers, Women's Debate.

Wyoming

University of Wyoming. Laramie. W. E. Stevens.

APPENDIX II

Topic Index of Debate Subjects Appearing in the Various Volumes of "Intercollegiate Debates"

Volume numbers are indicated after the subjects

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Vol. 12.

Accident Insurance, *Vol. 4.*

Advertising, Modern, *Vol. 10.*

Armed Intervention for Collection of Debts, *Vols. 1, 9.*

Asset Currency, *Vol. 1.*

Athletics, Amateur and Professionalism in, *Vol. 12.*

Bank Notes Secured by Commercial Paper, *Vol. 1.*

(See also Asset Currency.)

Cabinet System of Government, *Vols. 1, 3, 10.*

Cabinet Officers in Congress, *Vol. 4.*

Cancellation of War Debts, *Vol. 13.*

Capitalism vs. Socialism, etc.

Capitalism is Unsound, *Vol. 13.*

Social Control of Production and Exchange, *Vol. 7.*

Central Bank, *Vols. 1, 3.*

Centralization of Power in Federal Government, *Vols.*
9, 13. (See also Control of Industry, *Vol. 13.*)

Chain Store, *Vol. 11.*

Child Labor, *Vol. 8.*

City Manager Plan of Municipal Government, *Vol. 7.*

Closed and Open Shop, *Vols. 1, 3.*

Coal Mines, Government Ownership of, *Vol. 1.*

Co-education, *Vol. 10.*

Commission Form of Municipal Government, *Vols. 1, 3.*

Compulsory Military Service, *Vol. 6.* (See also Swiss Military System, *Vol. 7.*)

Conservation of Natural Resources, *Vol. 2.*

Control of Industry, *Vol. 13.*

Courts and Reform in Legal Procedure

Abolition of Insanity Plea in Criminal Cases, *Vol. 10.*

Judges, Appointment Versus Election of, *Vol. 1.*

Judges, Recall of, *Vol. 2.*

Judicial Decisions, Recall of, *Vol. 4.*

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Declaration of War by Popular Vote, *Vol. 8.*

Direct Primary, *Vol. 3.*

Disarmament, International, *Vol. 11.* (See also Abandonment of Policy of Military Preparedness, *Vol. 12.*)

Divorce

Divorce Is a Social Asset, *Vol. 13.*

Uniform Marriage and Divorce Laws, *Vol. 8.*

Education

Amateurism versus Professionalism in College Athletics, *Vol. 12.*

Co-education, *Vol. 10.*

Federal Department of Education, *Vol. 9.*

Educational Qualification for Suffrage, *Vol. 1.*

Election of Senators by Popular Vote, *Vol. 1.*

Emergence of Women from the Home, *Vol. 12.*

Farm Relief

McNary-Haugen Bill, *Vol. 9.* (Two debates.)

Fixing Prices of Staple Agricultural Products, *Vol. 13.*

Federal Control of Railroads, *Vol. 1.*

Federal Charter for Interstate Commerce Corporations, etc., *Vols. 1, 4.*

Federal Control of the Express Business, *Vol. 5.*

Federal Department of Education, *Vol. 9.*

Foreign Affairs

Governmental Principles of Mussolini, *Vols. 9, 11.*

Foreign Loans and Investments

Armed Intervention for Collection of, *Vols. 1, 9.*

Foreign Relations

Cancellation of War Debts, *Vol. 13.*

League of Nations, *Vols. 8, 10.*

Monroe Doctrine, *Vol. 5.*

Open Door Policy in China, *Vol. 7.*

Recognition of Soviet Russia, *Vol. 8.*

Free Trade. (See also Tariff)

In Raw Materials, *Vol. 2.*

International Free Trade, *Vol. 12.*

Protective Tariff, Abandonment of, *Vols. 1, 2.*

Government, Change in Form of

Cabinet Form of Government, *Vols. 1, 3, 10.*

Centralization of Power in Federal Government, *Vols. 9, 13.*

Educational Qualification for Suffrage, *Vol. 1.*

Election of Senators by Popular Vote, *Vol. 1.*

Government, Change in Form of (*continued*)

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Vol. 9.

Power of the Supreme Court to Declare Laws Un-
constitutional, *Vol. 8.*

Six Year Term for President, *Vol. 5.*

Government Ownership

Of Coal Mines, *Vol. 1.*

Hydro-electric Power, *Vols. 10, 11.*

Merchant Marine, *Vol. 6.*

Telegraph and Telephone, *Vol. 6.*

Railroads, *Vols. 4, 6, 7*

Government Policies

Annexation of Cuba, *Vol. 1.*

Conservation of Natural Resources, *Vol. 2.*

Independence for the Philippines, *Vol. 5.*

Ship Subsidy, *Vols. 1, 6.*

Government Reforms and Changes in States. (See
State Government.) Guarantee of Bank De-
posits, *Vol. 1.*

Hydro-electric Power, Government Ownership and
Control, *Vols. 10, 11.*

Immigration

Japanese Immigration Law, *Vol. 8.*

Literacy Test, *Vol. 5.*

Restriction of, *Vol. 1.*

Income Tax, *Vols. 1, 2.*

Incorporation, Federal, *Vols. 1, 4.* (See Federal In-
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- Independence of Philippines, *Vol. 5*.
Industry, Control of, *Vol. 13*.
Inheritance Tax, *Vol. 1*.
Initiative and Referendum, *Vols. 1, 2*.
Injunction in Labor Disputes, *Vols. 1, 5*.
Insanity Plea in Criminal Cases, Abolition of, *Vol. 10*.
Installment Buying, *Vol. 11*.
International Free Trade, *Vol. 12*.
Interstate Commerce
 Advertising, Modern, *Vol. 10*.
 Chain Store, *Vol. 11*.
 Control of Industry, *Vol. 13*.
 Federal Charter for Interstate Commerce Corporations, *Vols. 1, 4*.
 Federal Control of Express Business, *Vol. 5*.
 Federal Control of Railroads, *Vol. 1*.
 Government Ownership of Railroads, *Vol. 4*.
 Installment Buying, *Vol. 11*.
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Judges, Appointment vs. Election of, *Vol. 1*.
Judges, Recall of, *Vol. 2*.
Judicial Decisions, Recall of, *Vol. 4*.
Jury System, Abolition of, *Vol. 10*.
Labor and Capital
 Benefits of Labor Unions, *Vol. 1*.
 Child Labor, *Vol. 8*.
 Closed and Open Shop, *Vols. 1, 3*.

Labor and Capital (*continued*)

Exemption of Labor Unions from Anti-trust Laws, *Vol. 7.*

Forty Hour Week, *Vol. 11.*

Injunction in Labor Disputes, *Vols. 1, 5.*

Minimum Wage, *Vols. 3, 6.* (Two debates.)

Reduction of Wages, *Vol. 13.*

Labor Unions, Benefits of, *Vol. 1.*

Exemption of from Anti-trust Laws, *Vol. 7.*

League of Nations, *Vols. 8, 10.*

Light Wines and Beer, *Vol. 9.*

Liquor Control, *Vols. 8, 9, 12.*

Literacy Test for Immigration, *Vol. 5.*

McNary-Haugen Bill, *Vol. 9.* (Two debates.)

Merchant Marine, Government Ownership of, *Vol. 6.*

Military Problems and War

Abandonment of Military Preparedness, *Vol. 12.*

Compulsory Military Service, *Vol. 6.*

Swiss System Compulsory Military Service, *Vol. 7.*

Declaration of War by Popular Vote, *Vol. 8.*

Increase in Army and Navy, *Vols. 1, 7.*

International Disarmament, *Vol. 11.*

Money and Banking

Asset Currency, *Vol. 1.*

Bank Note Secured by Commercial Paper, *Vol. 1.*

Central Bank, *Vols. 1, 3.*

Control of Industry (Credit Control), *Vol. 13.*

Guarantee of Bank Deposits, *Vol. 1.*

Postal Savings Banks, *Vol. 1.*

Monroe Doctrine, *Vol. 5.*

Municipal Government

Commission Form, *Vols. 1, 3.*

City Manager Plan, *Vol. 7.*

Mussolini, Governmental Principles of, *Vols. 9 11.*

Old Age Insurance or Pension, *Vols. 4, 13.*

Ontario Plan of Liquor Control, *Vol. 12.*

Open Door Policy in China, *Vol. 7.*

Open Shop vs. Closed Shop, *Vols. 1, 3.*

Personal Liberty, Restriction by Government, *Vol. 9.*

Postal Savings Banks, *Vol. 1.*

Power, of Supreme Court, *Vol. 8.*

Power of Government. (See Centralization of Power.)

Prohibition, *Vols. 8, 9, 12.*

Protective Tariff, *Vols. 1, 2.* (See also Free Trade.)

Railroads

Government Ownership of, *Vols. 4, 6, 7.*

Federal Control of, *Vol. 1.*

Raw Materials, Free Trade in, *Vol. 2.*

Recognition of Russia, *Vol. 8.*

Reduction of Wages Retard Business Recovery,
Vol. 13.

Regulation vs. Dissolution of Trusts, *Vol. 4.* (See also
Federal Control.)

Restriction of Immigration, *Vols. 1, 5, 8.* (See Immi-
gration.)

Ship Subsidy, *Vol. 6.*

Short Ballot, *Vol. 2.*

Single Tax, *Vol. 6.*

Six Year Term for President, *Vol. 5.*

Social Insurance

Accident, *Vol. 4.*

Social Insurance (*continued*)

Old Age, *Vols. 4, 13.*

Unemployment, *Vols. 11, 12, 13.*

Socialistic Control of Production and Exchange, *Vol. 7.*

State Government, Reform and Change in

Abolition of Insanity Plea in Criminal Cases, *Vol. 10.*

Abolition of Jury System, *Vol. 10.*

Appointment vs. Election of Judges, *Vol. 1.*

Direct Primary, *Vol. 3.*

Initiative and Referendum, *Vol. 3.*

Recall of Judges, *Vol. 2.*

Recall of Judicial Decisions, *Vol. 4.*

State Medical Aid, *Vol. 12.*

Short Ballot, *Vol. 2.*

Three-fourths Jury Decision, *Vol. 3.*

Unicameral Legislature, *Vol. 5.*

State Medical Aid, *Vol. 12.*

Swiss System of Compulsory Military Service, *Vol. 7.*

Tariff (See Free Trade and Protection), *Vols. 1, 2, 12.*

Taxation

Income Tax, *Vols. 1, 2.*

Inheritance Tax, *Vol. 1.*

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Telegraph and Telephone, Government Ownership of,
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Three-fourths Jury Decision, *Vol. 3.*

Trusts, *Vol. 4.* (See also Control of Industry.)

Unemployment Insurance, *Vols. 11, 12, 13.*

Unicameral Legislature, *Vol. 5.*

Uniform Marriage and Divorce Law, *Vol. 8.*

Wages

Minimum Wages, *Vols. 3, 6.* (Two debates.)

Reduction of Wages, *Vol. 13.*

Working Week, Forty Hours, *Vol. 11.*

APPENDIX III

List of Colleges, the work of whose debaters
has appeared in the various volumes of
"Intercollegiate Debates"

*Volume numbers in which the various colleges have
had contributions follow the names*

- Amherst College, *Vol. 1.*
Baker University, *Vol. 1.*
Bates College, *Vol. 10.* (Two debates.) *12.*
Baylor College for Women, *Vol. 8.*
Baylor University, *Vol. 2.*
Bellevue College, *Vol. 2.*
Beloit College, *Vols. 1, 9.*
Bethany College (Kansas), *Vols. 9, 11.*
Bowdoin College, *Vol. 1.*
British Columbia, University of, *Vol. 8.*
British University Student Union, *Vol. 10.*
Brown University, *Vol. 2.*
California Institute of Technology, *Vol. 8.*
Canton College, *Vol. 2.*
Carleton College, *Vols. 6, 10, 13.*
Chattanooga, University of, *Vol. 1.*
Chicago, University of, *Vols. 1, 2.*
Cincinnati, University of, *Vols. 1, 12.*
Colgate University, *Vols. 1, 2, 12.*

- College of Emporia, *Vols. 8, 9.*
 College of the Pacific, *Vol. 9.*
 Colorado Agricultural College, *Vol. 6.*
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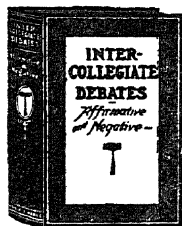
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